



Daily Report

Latin America

FBIS-LAT-96-008
Thursday
11 January 1996

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report

Latin America

FBIS-LAT-96-008

CONTENTS

11 January 1996

NOTICE: Book volume Nos. 005, 006, and 007 were not published due to federal government closure.

CARIBBEAN

Cuba

Alarcon on Political System, U.S. Relations [PRENSA LATINA]	1
Foreign Ministry Spokesman on Talks With U.S., Other Events [Havana Radio]	2
Commentary on U.S. Economic "Blockade" on Medical Services [Havana Radio]	2
Castro Departs for Paris To Attend Mitterrand Funeral [PRENSA LATINA]	3
UN Official Concludes Official Visit [PRENSA LATINA]	3
Robaina Meets With Brazilian Parliamentary Delegation [Havana Radio]	3
Chilean Foreign Minister Arrives for 4-Day Official Visit [Havana Radio]	4
Officials Brief Delegation of Chilean Businessmen [PRENSA LATINA]	4
Insulza Praises Talks With Local Authorities [PRENSA LATINA]	4
Chilean Energy Commission Head Says Visit 'Important Step' [EL MERCURIO 10 Jan]	5
Chile's Insulza Says Castro 'Satisfied' With Relationship [Santiago TV]	5
Program Views Trend of Overconfidence [Havana Radio]	6
'Straight Talk' Program Discusses Audits [Havana Radio]	8
Agriculture Minister Discusses Subsidies, 1996 Goals [PRENSA LATINA]	10
Fiscal Audits Reveal Embezzlements in Varadero [PRENSA LATINA]	11
Report Notes Foreign Currency Incentive for Tobacco Workers [Havana Radio]	11
Oil Production Reaches 1.4 Million Metric Tons in 1995 [Havana Radio]	11
Article Examines Attempts To Cut Crude Oil Dependence [PRENSA LATINA]	12
Minister Encourages Farming Organizations To Produce More [Havana TV]	13
Granma Sugarcane Workers Set Production Record for Planting [Havana Radio]	13
GRANMA Discusses 'Key Responsibility' of Sugarcane Workers [Havana Radio]	13
Agriculture Minister Comments on Profits in Sector [Havana Radio]	14
Sugar Vice Minister Announces Sugarcane Plantation [Havana Radio]	14
Nico Lopez Refinery Repaired To Improve Efficiency [Havana TV]	14
Minister Speaks in City Hall on Havana Health Situation [PRENSA LATINA]	15
Armed Forces Increase Efficiency, Revenues [Havana Radio]	16
Highway Tolls Begun on Highway to Tourist Centers [PRENSA LATINA]	16
Commentary: Citizens Accept New Tax Law Calmly [Havana Radio]	17
Roundup of Sugarcane Developments Through 7 Jan [Havana Radio, etc.]	17
Roundup of Economic Developments Through 9 Jan [Havana Radio, etc.]	18

MEXICO

Note to U.S. Official Cites NAFTA 'Irregularities' [LA JORNADA 10 Jan]	20
PGR Arrests Alleged Drug Trafficker Accused by U.S. [NOTIMEX]	21
Report Says Former President Salinas Living in Cuba [LA JORNADA 7 Jan]	21
Zedillo Asks Ambassadors To Strengthen Country's Image [Mexico City TV]	22
Foreign Minister Views Need To Report Advances Abroad [NOTIMEX]	23
Zedillo Comments on Economic Program for 1996 [Mexico City TV]	24
Chuyffet, Gurria Update Ambassadors on Chiapas [LA JORNADA 5 Jan]	25

EZLN Reaffirms Commitment Regarding Discussion Topics [Mexico City TV]	26
CENTRAL AMERICA	
Costa Rica	
Kidnappers of 2 European Women Threaten To Blow Up Dam [ACAN]	27
El Salvador	
Minister Comments on Mickey Kantor's Announcement [LA PRENSA GRAFICA 6 Jan]	27
Employees of Public Works Ministry Occupy Cathedral	27
FMLN Justifies Cathedral's Takeover [San Salvador Radio]	27
Cathedral Still Occupied by Public Workers [San Salvador TV]	28
Legislative Assembly Approves Reforms on Banking Law [LA PRENSA GRAFICA 23 Dec] ..	28
Guatemala	
Two U.S. Citizens Said Killed in Solola Department [Guatemala City Radio]	29
President Decries Attack on Jennifer Harbury's Lawyer [SIGLO VEINTIUNO 7 Jan]	29
Army Denies Role in Attack on Jennifer Harbury's Lawyer [NOTIMEX]	29
Arzu Comments on Jennifer Harbury 'Opinions' [Guatemala City Radio]	30
Officials Comment on U.S. Request To Monitor Elections	30
De Leon Rejects Toricelli's Plan [ACAN]	30
Official Comments on 'Unsuitable' Request [Guatemala City Radio]	31
'Terrorists' Said To Throw Tacks Along Highways [Guatemala City Radio]	32
Authorities Estimate Lower Turnout Than Nov Elections [ACAN]	32
EU Observer Mission Concerned Over 'Scant' Voter Presence [ACAN]	33
EU, OAS Observers Say Election 'Honest and Clean' [PRENSA LIBRE 9 Jan]	33
'New' President Arzu Comments on Background, Career [Guatemala City Radio]	33
Newspaper Notes Reported Members of Arzu's Cabinet [SIGLO VEINTIUNO 10 Jan]	36
Panama	
Reports View Talks for Continued U.S. Military Presence	37
Minister: Talks Depend on Economic Study [Panama City TV]	37
Government Awaits Study Before Talks [LA ESTRELLA DE PANAMA 9 Jan]	38
Students Demonstrate Outside U.S. Base on Martyrs Day [Panama City TV]	38
Student Group: Continued U.S. Presence To Bring 'More Grief' [EL PANAMA AMERICA 9 Jan]	38
Labor Ministry To Probe Companies Dealing With U.S. Army [EL PANAMA AMERICA 8 Jan] ..	39
SOUTH AMERICA	
Argentina	
Army's Balza on Arms to Croatia, Peacekeeping Role [TELAM]	40
Government Recognizes Independence of Macedonia [CLARIN 5 Jan]	40
Palestinian National Authority Granted Diplomatic Status [Madrid EFE]	40
Menem: No Problems With Chile Over Borders [TELAM]	41
Chilean Base in Continental Glaciers 'Inappropriate' [NOTICIAS ARGENTINAS]	41
Di Tella Outlines Foreign Policy Goals for 1996 [LA NACION 5 Jan]	41
Brazil	
Raytheon Deal Said Tied to Clinton Support for UNSC Seat [O ESTADO DE SAO PAULO 5 Jan]	42

Aeronautics Ministry Rejects TCU Report on Payments to ESCA [JORNAL DO BRASIL 6 Jan]	43
Aeronautics Minister Gives Senate Sivam Related Documents [AGENCIA ESTADO]	43
Minister Fails To Persuade Senators To Pass Sivam [AGENCIA ESTADO]	44
TCU Judge: Report on Sivam Will Not Be 'Conclusive' [AGENCIA ESTADO]	45
French Official Denies Lobbying for Sivam Project [AGENCIA ESTADO]	45
Editorial Questions Need for Sivam Project [FOLHA DE SAO PAULO 4 Jan]	46
Government Allies Design Congress Agenda; Sivam Excluded [AGENCIA ESTADO]	46
Cardoso, Sarney Discuss Congress Special Session Agenda [Rio de Janeiro TV]	47
Cardoso Asks Leaders To Expedite Work on Tax Reform [AGENCIA ESTADO]	48
'Pink Folder' Leak Investigation Results Released [Brasilia Radio]	48
PMDB Leaders Condition Support for Cardoso, Reforms [AGENCIA ESTADO]	48
Massive Dismissal Program Designed for Banerj [AGENCIA ESTADO]	49

Chile

Government Assesses Peruvian Rejection of Lima Conventions [Santiago TV]	49
Senate Head Rejects Peru's Proposal on Conventions [EL MERCURIO 10 Jan]	50
Insulza, Businessmen To Explore Trade Potential With Cuba [Santiago TV]	50
Trade Ties Discussed as Insulza's Visit to Cuba Continues [Santiago TV]	51
Air Force Begins Maneuvers at Continental Glaciers [EL MERCURIO 4 Jan]	51
General Comments on Base Built Near Argentine Border [Madrid EFE]	52
New Supreme Court President Appointed [EL MERCURIO 4 Jan]	52
Government Ratifies Human Rights, Constitutional Agreement [EL MERCURIO 6 Jan]	52
Opposition Urged To End Conflict [EL MERCURIO 5 Jan]	53

Colombia

Government 'Pleased' by Agreement With U.S. on Export Quota [Madrid EFE]	53
Police Arrest Cali Cartel Leader's Accountant [Santa Fe de Bogota Radio]	54
Prosecutor's Office Releases Alleged Cartel Financial Boss [Santa Fe de Bogota TV]	54
Samper Reportedly To Appoint Ministers With Special Powers [Santa Fe de Bogota TV]	54
Medina on Evidence of Drug Money in Campaign [NOTIMEX]	54
FARC Front Attacks Communications Center; 9 Killed [Santa Fe de Bogota TV]	55
ELN Armed Stoppage Paralyzes Transportation in Arauca [Santa Fe de Bogota TV]	55

Ecuador

Military Denies Troop Movements Along Border With Peru [NOTIMEX]	56
Duran-Ballen Reasserts No Flights Over Peru [Quito Radio]	56
Daily Accuses Peruvian Intelligence of Discredit Campaign [Madrid EFE]	57
Daily Reports Peruvian Investments in Military Equipment [Madrid EFE]	57
Leoro Says Everything Arranged for 17 Jan Visit to Lima [Quito Radio]	58
National Security Council Discusses Leoro's Trip to Lima [Madrid EFE]	58
Guarantors Invited To Attend Foreign Ministers' Meeting [Madrid EFE]	58
Radio: Nation 'Duly Informed' Parties of Kfir Purchase [Quito Radio]	59
Alcaron 'Certain' Israel Will Deliver Kfir Planes [Quito Radio]	59
Further on Alarcon Statements [Quito Radio]	59

Peru

Foreign Minister Denies Rupture of Ties With U.S. [EL COMERCIO 3 Jan]	60
U.S. Citizen Berenson Admits MRTA Membership [Lima TV]	61
Gen. Hermoza Rules Out Purchase of More Weapons [Madrid EFE]	61

Cuba

Alarcon on Political System, U.S. Relations

PA0501172596 Havana PRENSA LATINA in Spanish
2214 GMT 4 Jan 96

[Report by Javier Rodriguez: "Alarcon Says Political System Is the Revolution's Key Achievement"]

[FBIS Translated Text] Havana, 4 Jan (PL) — Ricardo Alarcon, president of the Cuban National Assembly of the People's Government (Parliament) said today in this capital that Cuba's political system is the key achievement the country must protect and develop.

In an interview for PRENSA LATINA, Alarcon discussed the main objectives achieved by the people's government in the country, the Parliament's plans for 1996, the status of relations with the United States, and foreign demands for political changes in Cuba.

According to Alarcon, the vital nature of the Cuban political system has been proven, even the way in which economic transformation are taking place in the island, particularly the measures to strengthen the economy, which were previously discussed with the people to make sure that they were thoroughly understood by all.

This can be explained by the fact that the country has a truly democratic socialist society, which can be improved, although it is based precisely on the real participation of the people as the essence of the system, he added.

Alarcon stressed that therefore, economic measures do not [incomplete sentence as received]

Alarcon admitted that apparently the U.S. Government is facing this last position and disagrees with approving the Helms-Burton Bill, which would worsen the contradiction represented in an isolated country that insists in punishing the entire world to impose its criteria.

An advancement of the extreme right was reflected in the 1994 elections, which is trying to dismount the social system established by the Roosevelt government. A logical reaction, however, is beginning to emerge within U.S. society against those extremes that frighten many people, he said.

Regarding the next electoral campaign in the United States, which has just begun, Alarcon said that it will be necessary to wait and see if the turn to the extreme right continues or stops. He noted that it is difficult at this time to preview the characteristics of bilateral ties in the immediate future.

"There are, however, constant factors that have to do with our capacity to resist, survive, and continue advancing, and I believe that the perception of Cuba as

an ultra-fascist country will gradually lose force in the United States," he predicted.

Alarcon added that to the extent that Cuba is able to resist and advance amid difficulties "we will be stronger every day and will have better political and material conditions to finally defeat the blockade policy."

He emphatically said: "Any attempt to ignore the fact that Cuba is an independent and sovereign country will fail and our adversaries will gradually realize that there is only one way to treat Cubans."

Upon analyzing the activities of the people's government during 1995, Alarcon said the efforts to confront the country's economic crisis constituted a central position that resulted in the adoption of important agreements on key matters, such as foreign investment and the economic and social plan for 1996.

The assemblies, at all levels, are working to achieve financial streamlining and economic recovery, and this is a reflection of their determination to improve the people's government as a vital instrument in the national fight for resistance, Alarcon added.

Alarcon said attention was also focused on improving working methods, concentrating on a greater bond between the field delegate and voters, processing people's proposals, and the basic functioning of the assemblies and permanent committees of Congress.

The official said it was a dynamic year for the committees, with the holding of public hearings which served to generate mass brainstorming in many instances and which become a standard practice throughout the system.

Alarcon affirmed that the object is to get people to participate in governing society, something unthinkable in places where people are not free or able to exercise their rights.

Alarcon later recalled examples of the broad, popular consensus on fundamental matters, including the so-called Parliaments in the Workplace, where millions of workers discussed the economy's problems and the partial elections of 1995, which he considered as evidence of the majority's devotion to the revolution.

The official said that there will be a strengthening of the process, which still has much room for improvement, in 1996, and that the principles that gave rise to the people's government should be consistently promoted this year, on occasion of its 20th anniversary.

Alarcon said what will be essential this year is a consistent and rigorous application of a tax system, the core of domestic activity, whereby a person who earns

more will contribute more to finance social expenditures and services that also benefit him.

"We must ensure that the measures being taken are working in a satisfactory manner and are adequately controlled. It is a big responsibility for all levels of state leadership," Alarcon said.

Alarcon ensured that the approved budget and the economic and social plan will be totally implemented in order to propel the country's economic recovery and, then, establish even more ambitious goals for the future.

In conclusion, the parliament leader mentioned the intense international activity being carried out by the various levels of the assemblies and their permanent committees, which should be expanded this year.

Alarcon said the mission will continue insofar as other countries see that the revolution was able to survive and that the country is recovering. The interest to know how we have done it awakens a greater interest in Cuba and also strengthens international resolves against the U.S. blockade.

Foreign Ministry Spokesman on Talks With U.S., Other Events

PA0601152296 Havana Radio Havana Cuba
in Spanish 0000 GMT 6 Jan 96

[Report by Barbara Betancourt; from the "Evening Information Review"]

[FBIS Translated Text] In his customary weekly meeting with local and foreign media, Foreign Ministry spokesman Miguel Alfonso commented with satisfaction on the visit that Chilean Foreign Minister Jose Miguel Insulza will carry out in the island starting on Monday.

[Begin Alfonso recording] Diplomatic relations were established during the first half of 1995, and relations with Chile are currently being developed in a prompt and, let us say, sensible manner — not only due to the change in quality, going from consular relations to consular and diplomatic relations, but also because progress has been made at the level of relations and the level of economic ties between the two countries. I believe that the delegation which arrives on Monday will be extremely important in continuing this development in the near future, and economic relations will be strengthened. That is the tendency of relations between Cuba and Chile in the last three years. [end recording]

Referring to Cuba's foreign relations, Alfonso announced the Indonesian Government's decision to open an embassy in Havana, with the resulting favorable ef-

fect on bilateral ties; he also confirmed the contacts being established by the Bahamian authorities for an eventual repatriation of approximately 100 Cubans who are illegally in that neighboring Caribbean island.

Likewise, Alfonso referred to the international event being prepared by the Organization of Solidarity with the Peoples of Asia, Africa, and Latin America on the occasion of its 30th anniversary, and in which outstanding personalities have confirmed their participation.

[Begin Alfonso recording] The high-ranking guests who will be with us in this celebration include Julius Nyerere. You know he is one of the renowned statesmen in Africa. We will also have Marcelino Dos Santos, a very well known personality in Africa's struggle for independence. There will also be other personalities and, as soon as they arrive in Cuba or as soon as we have information confirming their arrival, we will share it with you. [end recording]

In reply to a question, the Foreign Ministry spokesman told the media that, judging from the practice last year, the next round of migration talks between Cuba and the United States should take place within the first quarter, and it will probably be held here in Havana.

Commentary on U.S. Economic 'Blockade' on Medical Services

PA0701163896 Havana Radio Havana Cuba
in Spanish 0000 GMT 7 Jan 96

[From the "Radio Havana Cuba Comments" segment of the "Evening Information Review" newscast]

[FBIS Translated Text] The economic blockade the United States has maintained on the island has become more relentless throughout the entire crisis the Cuban people have been experiencing after the disappearance of the European socialist Bloc, with which Cuba maintained most of its economic relations.

We cannot deny it has and continues to inflict serious damage to the national medical assistance service although it is true the blockade has managed neither to collapse the Cuban economy nor prevent the country from starting a recovery.

Not a single hospital has been closed during the crisis, but there is a medicine shortage that is producing harmful effects on the quality of medical assistance. There often are no anesthetics for all surgeries or for dental treatments, and there is a shortage of many medicines crucial to treat serious diseases, and they are very difficult to obtain.

A case recently reported by the Cuban newspaper TRAJADORE refers to medicines needed by patients

with kidney ailments. Washington's punitive measures against Cuba cause serious difficulties to Cuban authorities to obtain artificial kidneys and expendable materials for dialysis treatment or spare parts for this equipment.

The price of an artificial kidney ranges between \$15,000 and \$20,000, and Cubans are unable to buy them in the United States, which is the closest market, but must do so in Western Europe, and this increases the price. The same applies to parts and accessories that are needed to maintain this equipment in good operational condition.

Recall that in Cuba this expensive treatment is given to patients who need it and not only to those who can afford it. Medical assistance is free for all citizens in Cuba. Not even this humanitarian reality has prompted the United States to make exemptions in its attempt to strangle the Cuban economy.

Whenever the state-owned Medicuba [Cuban Enterprise for the Import and Export of Medical Products] needs to obtain products for medical assistance that often contain components produced in the United States, it has to overcome serious difficulties. Sellers must fill out a form of the U.S. Department of Commerce and wait to see whether the sale of the medicine is authorized, and this applies only to extreme emergency cases.

A brand of anesthetics that was usually purchased in Belgium has not reached Havana for months now, because the Department of Commerce has not yet authorized its shipment. Another interesting case mentioned by the Cuban newspaper involves the Mexican Vitalmex Company, which received a Cuban offer to buy 20 artificial kidneys by mid-1995, but it was unable to fill this order for having associated itself with a U.S. company that is banned from selling to Cuba.

Incidents like these have occurred for more than 30 years, and had it not been for the economic and political relations Cuba maintained with the Soviet Union and the socialist bloc of Eastern Europe, this country would have suffered significantly more from the merciless and aggressive policy of the Washington government, as is the case at present.

Despite all this, the Cuban Government was able to announce with satisfaction in late 1995 that the infant mortality rate throughout the country dropped to 9.4 per 1,000 live births, one of the world's lowest rates.

Castro Departs for Paris To Attend Mitterrand Funeral

PA1101042796 Havana PRENSA LATINA in Spanish
0058 GMT 11 Jan 96

[FBIS Translated Text] Havana, 10 Jan (PL) — President Fidel Castro departed for Paris today at the head of

an official delegation that will participate in the funeral of former French President Francois Mitterrand, a local radio station reported tonight.

Ricardo Alarcon, president of the National Assembly of the People's Government, Felipe Perez Roque, a member of the Council of State, and Cuban Ambassador to Paris Raul Roa Kouri also make up the delegation that will participate in Mitterrand's funeral.

Foreign Minister Roberto Robaina said after signing the book of condolences at the French Embassy in Havana: "The Cuban delegation truly represents a strong and firm relationship. Whatever is very strong and firm is felt at the level of the people and that of our highest leaders."

Robaina also stressed the friendship between Mitterrand and Castro.

UN Official Concludes Official Visit

PA0701235296 Havana PRENSA LATINA in Spanish
1604 GMT 7 Jan 96

[FBIS Translated Text] Havana, 7 Jan (PL) — UN Assistant Secretary General Ally N'Dow today concluded his official visit to Cuba after meeting with several local officials.

During his visit, N'Dow met with Foreign Minister Roberto Robaina, other ministers, and the national committee in charge of preparing the UN Conference on Human Settlements (Habitat II) slated to be held in Istanbul, Turkey, in June.

The conference will discuss the development of sustainable human settlements and will serve as the closure for other important UN-organized meetings related to the environment, population, society, and women.

The conference agenda includes the subjects of extreme poverty, lack of sanitation and housing, and problems caused by the increase of population in urban areas.

In Havana, N'Dow commented on the importance of the area's construction and rehabilitation program that the country undertook despite the economic crisis. He spoke favorably of the use of materials and technology of positive environmental impact to carry out this program.

Robaina Meets With Brazilian Parliamentary Delegation

PA0601121096 Havana Radio Havana Cuba
in Spanish 0000 GMT 6 Jan 96

[From "The Evening Information Review" newscast]

[FBIS Translated Text] The Brazilian parliamentary delegation that is currently visiting Cuba met with the

island's foreign minister, Roberto Robaina, on Friday. During the meeting he emphasized the importance of current ties between the two countries.

The foreign minister explained to the visitors the efforts being exerted by his country to achieve the economy's development despite the blockade imposed by the United States on the largest Antillean island.

Senator Roberto Requiao, who leads the Brazilian delegation, told the media that the parliamentarians' trip to the island is overwhelming proof of their solidarity with the Cuban people and their rejection of the U.S. blockade.

The Brazilian senators and guests were previously received by Ricardo Alarcon, president of the National Assembly of the People's Government (ANPP), and Jorge Lezcano, head of the ANPP's permanent commission for international relations.

Chilean Foreign Minister Arrives for 4-Day Official Visit

PA1001030396 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Jan 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Chilean Foreign Minister Jose Miguel Insulza arrived in Havana on 8 January for a four-day official visit. He told the press of his country's interest in intensifying economic and political relations with Cuba.

Insulza was received in the capital's airport terminal by his colleague, Roberto Robaina, who stressed the age-old and sincere relations between the two countries, which reestablished diplomatic relations only nine months ago.

Both foreign ministers began official talks shortly thereafter, the first activity of the program prepared for the Chilean foreign minister and which includes meetings with the highest level Cuban leaders.

Robaina himself did not rule out the possibility that Insulza may be received by President Fidel Castro, who he said has closely followed the preparations for this visit.

The Chilean foreign minister is in Cuba accompanied by a delegation of more than 30 entrepreneurs, several deputies, and a Energy Ministry mission headed by its minister, Alejandro Jadresic.

Officials Brief Delegation of Chilean Businessmen

PA1001043296 Havana PRENSA LATINA in Spanish 0008 GMT 9 Jan 96

[FBIS Translated Excerpt] Havana, 8 Jan (PL) — High-ranking Cuban officials gave a briefing today on business possibilities in Cuba to a numerous delegation of Chilean businessmen that is exploring the expansion of economic and trade relations.

About 40 representatives of some of Chile's most important industrial firms preceded the arrival in Havana of Chilean Foreign Minister Jose Miguel Insulza, who began an official visit to Cuba today. [passage omitted]

It was announced during the meeting that the National Bank of Chile has granted a \$23 million line of credit for food imports that has guaranteed the shipments of Chilean products to Cuba.

Pedro Lizama, president of the Chilean organization of industrialists, thanked the Cuban officials for the briefing and said he was convinced business between the two countries would increase in the future.

Angel Maulene, deputy minister of the economy, development, and reconstruction, spoke in the same terms, describing this meeting as a very important step in the search for new methods of cooperation.

Insulza Praises Talks With Local Authorities

PA1001140396 Havana PRENSA LATINA in Spanish 1908 GMT 9 Jan 96

[FBIS Translated Text] Havana, 9 Jan (PL) — Chilean Foreign Minister Jose Miguel Insulza today praised the course that the talks with Cuban authorities have taken on the second day of his official visit. Insulza has a very busy agenda ahead.

The Chilean foreign minister told the local media that he is very happy and pleased with the conversations started yesterday, following his arrival in Havana. This is the first visit by a Chilean foreign minister in 25 years.

Insulza noted that the Cubans have been very explicit and open in explaining their policy and strategy in all areas, and added that the parliamentarians and businessmen who are accompanying him on this four-day visit are showing much interest and enthusiasm.

For Insulza and the Chilean Foreign Ministry officials who are also members of his delegation, Tuesday began with a meeting with Politburo member Jose Ramon Balaguer.

Balaguer, who is also chief of the Central Committee's International Relations Department, expressed his cer-

tainty that the visit and its results will reflect the profound and historical relations between Cuba and Chile.

Insulza expressed his happiness to be here and recalled the visit by Clodomiro Almeyda in 1971, the last visit by a Chilean foreign minister to Havana because the diplomatic relations between the two countries were interrupted following Augusto Pinochet's coup d'etat in 1973 and were resumed in April.

After the meeting with Balaguer which took place at the Central Committee's headquarters, Insulza and his retinue, accompanied by Foreign Minister Roberto Robaina, visited the soon-to-be inaugurated Jose Marti memorial at Plaza de la Revolucion and placed a wreath on it.

The Chilean delegation also met with Rosa Elena Simeon, minister of science, technology, and environment, who was very pleased with the meeting and explained to the visitors the structure and operations of her Ministry, a Ministry that is tasked with directing Cuba's scientific, technological, and environmental policy.

The Chilean foreign minister's agenda also contemplated for today a meeting with Ricardo Alarcon, president of the Cuban parliament, and with Foreign Trade Minister Ricardo Cabrisas.

Chilean Energy Commission Head Says Visit 'Important Step'

PY1001212496 Santiago EL MERCURIO in Spanish
10 Jan 96 p B10

[FBIS Translated Text] Alejandro Jadresic, minister president of the National Energy Commission, has termed the visit he is making with Foreign Minister Jose Miguel Insulza to Cuba an important step toward strengthening economic ties with Cuba.

Accompanied by executive officials of ENAP [National Petroleum Enterprise], Copec [Chilean Oil Company], and ENDESA [National Electric Company, Inc.], Jadresic visited the main Cuban thermoelectric generators located near Havana, Matanzas in the northwestern zone, and Cienfuegos, in the south. The three plants visited generate 930 mw of power, one-third of the installed capacity in Cuba.

In the area of hydrocarbons, Jadresic visited the largest petroleum deposit in Cuba, located in Varadero, which produces one million tons of crude oil annually. He also visited the supertanker base and the Matanzas oil pipeline, part of the supply of which goes to the Camilo Cienfuegos refinery, located in the town of Cienfuegos.

Jadresic said that this trip will help in exploring the potential for establishing reciprocal technical and trade ties in the energy area between the two countries.

Chile's Insulza Says Castro 'Satisfied' With Relationship

PY1101024996 Santiago Universidad Catolica
Television Internacional in Spanish
0000 GMT 11 Jan 96

[FBIS Translated Excerpt] Chile and Cuba will sign cooperation agreements within the framework of the visit Chilean Foreign Minister Jose Miguel Insulza is paying to that island.

We now have a report from Havana by Monica Cerda. Good evening, Monica.

[Begin relay] [Cerda] Good evening. As is his habit, President Fidel Castro last night appeared by surprise at a dinner party offered by Foreign Minister Roberto Robaina for his Chilean counterpart.

[Anchorman] Does this mean you did not have access to the event?

[Cerda] That is right, but we hope to see him tomorrow because he has invited the entire delegation to a luncheon at the Palace of the Revolution.

The meeting with the leader was held in one of these houses located in El Laguito district, where he lives and where the important visitors are received.

[Insulza] I think the president is very satisfied with the way in which our relationship has developed free of prejudices, with the frankness with which we have discussed all issues.

[Cerda] Today Foreign Minister Insulza continued his busy agenda. He met Health Minister Carlos Dotres, who said that health is the political priority of the Cuban Government.

[Dotres] As the Cuban economy recovers, the Cuban health system also recovers. This year it will experience a 33-percent growth rate compared to the previous year.

[Cerda] Afterward, Insulza met Foreign Investment Minister Ibrahim Ferradaza, who said that the new law in this regard gives Cuba the same guarantees capitalist countries enjoy.

[Ferradaza] The same possibility any law, liable of being perfected, has of being modified. This is a very new law, and we will have to wait and see.

[Cerda] The pioneer in this regard is Chilean businessman Carlos Cardoen who has a 12-hectare citrus fruit plantation in Cuba and a fruit juice factory that not only

supplies the Cuban needs but is also exporting to the Caribbean and Europe. [passage omitted]

The Chilean foreign minister also confirmed that President Fidel Castro will visit Chile in October, as will other Ibero-American leaders. The details of this visit are still being arranged. Good evening.

Program Views Trend of Overconfidence

PA1001231196 Havana Radio Rebelde Network
in Spanish 1700 GMT 8 Jan 96

[From the "Straight Talk" program with Jose Rodriguez of JUVENTUD REBELDE, Eloy Concepcion of TRABAJADORES, and program host Renato Recio]

[FBIS Translated Text] [Recio] Our topic today is overconfidence [triumfalismo]. Is it reemerging or ending? Our colleagues are wondering, and we will try to answer this question in the next few minutes.

[Concepcion] I have a concern. I am aware of the 2.5 percent macroeconomic growth in the country in 1995. I have noticed—and we the media are partly to blame for this point—that it has been suggested that all our problems are over and that the country is starting 1996 amid a bonanza, that there are no major problems. I personally believe this position is false.

I believe the country indeed overcame a difficult phase. The year 1995 was a difficult one, but we must carefully avoid suggesting that all problems are over, because the country will face serious and difficult problems in 1996 and cannot lower its guard, as an old CDR [Committee for the Defense of the Revolution] slogan has stated. For example, the sugar harvest. The country is determined to have an efficient harvest.

[Recio] Jose, do you agree with Eloy's assessment?

[Rodriguez] I am also concerned about certain hints of prosperity that are truly not in keeping with our reality. We cannot deny, however, that we are reversing the trauma of the Cuban economy. What Eloy has said about the harvest is true. From a macroeconomic point of view, the Cuban economy has much more to do as far as achieving the necessary balances is concerned. For example, one of our challenges that is very serious and even affects the wallets of us common citizens is the process of achieving financial order. Excess liquidity or, to ensure that people understand, the excess of circulating currency was decreased to little more than 9 million [currency not specified], but this problem is still a very serious one for us, because we will not be able to carry out the structural and operational reforms as long as it is not settled.

[Concepcion] There is a problem we cannot.... [pauses] We must be very careful, because a majority of the people will not feel this macroeconomic improvement in 1996, because the people's wallets, their purchasing power in 1996 will experience a serious problem already existing among a population that depends on salaries.

We often are confused and think people buy everything at the agricultural market, but people are buying little in part because of the process to bring order to the economy that Jose mentioned. A large segment of the population living off a salary is feeling the pinch in its wallet. One could get the impression that we are already doing well when those of us who live off salaries are already feeling the effects of those measures.

[Recio] Both of you claim there is a trend of overconfidence mostly in the media. I guess you are referring to headlines that read as follows: The production record was broken during the special period in X factory. Have you noticed this among the leaders? That is, among the leaders of the economy and the government in the country?

[Rodriguez] I can give you an example. The Agriculture Ministry has established a production goal of 29 million quintales for this year. The truth is, however, that Ciego de Avila produced a little more than 2 million, La Havana produced nearly 10 million; that is, 12 million. In other words, the rest of the country produced very little, but we could get the impression there is an abundance of vegetables and tubers.

[Recio] I will repeat my question. I have heard speeches delivered to the ANPP. In every one of them, I saw something that amounted to saying: Do not unfasten your belts yet; the plane is taking off but is still in a dangerous position.

[Rodriguez] Certainly, but you are speaking of people with a very clear and precise view when you speak about leaders and officials in charge of managing the economy. Many speeches are delivered in public, but some of them give the impression sometimes that we already have ridden out the storm. I believe we have ridden out the storm, but there still are very strong winds we cannot ignore. Among other things, I believe we should not mistake the necessary optimism for premature boasting, which has hurt us so much historically. In addition, it has become nearly a philosophical category in our daily lives for many years; it has blinded us and has made us lose track of things and lag behind in many areas.

[Concepcion] For instance, let us talk about certain fundamental sectors of the economy that are showing

improvement in the macroeconomy but also a reality. We are very far from solving the country's problems.

[Rodriguez] There is an example that best illustrates what can happen; that is, the nickel industry. This is not premature gloating but, rather, reality. What was done in the nickel industry last year is a success of the country; we must admit it, and this is not premature gloating.

Now, regarding tourism, our own media often give the impression that we are a country that receives tourists and that we have already solved our tourism problem, but a long time is yet to pass before tourism can become as efficient as it should be. Tourism must face a labor reorganization this year. There are just too many people employed in the sector. I would not say there are twice the required number, but there are employees who are disrupting the efforts in the area. Tourism cannot yet proclaim victory, because the local and national industries and products still do not respond to the needs of tourism, and people are buying tomatoes or other vegetable products in other countries in order to meet the basic needs of tourism. One example is our bad rum, which is not competitive with our good rum, and we have to be careful. Another example is the sugar crop that we mentioned at the beginning. We can mention a number of key economic sectors that are still very far from the production levels of 1989.

[Recio] What you two are saying is truly logical and true, particularly considering that meetings in the workplace will be held from 15 January to 15 March to discuss the theses of the CTC [Confederation of Cuban Workers]. In addition, workers will be informed of the 1996 plan and the results of production and services in 1995. If premature gloating penetrates this environment, it will do that meeting much harm. What do you think?

[Rodriguez] I think another essential factor weighing on the country is the external finance situation. We cannot ignore the fact that this country lives virtually from one day to the next, that we are excluded from external financing through the IMF, the World Bank, and other institutions, that the shortage of dollars is still excruciating in Cuba.

[Recio] What you say is true, but the 1996 economic and social plan calls for 5-percent growth, which is a significant percentage. Also, the health and educational services will be improved, more homes will be built, and, according to the plan and the national budget, the sectors and activities crucial to the people's standards of living will receive certain improvements. How does this fact tie in with what you are saying?

[Rodriguez] For example, let us continue by sector. I want us to analyze this point by sector because it is important.

I have recently noticed how an air of overconfidence has been put on the food and textile industries. It is absurd for us to report that statement, as if the two industries had reached the point of reactivation. That view is not true, because the food industry is, I would say, a thousand miles from reaching its objective realities. I do not want to blame the officials running the food industry, but on the matter of objective realities, the industry is still a thousand miles from the reality of what it must do. We must be careful, then, when reporting in the media about the food industry when we do not even have ice cream or popsicles here. Individuals have popsicles, because the state does not.

The same holds true for the textile industry. It started to reactivate somewhat by producing pants and shirts, which are, honestly, of poor quality, for the harvest workers. Thus, we give one impression of the food and textile industries, while people here cannot find a pair of underwear to buy. Let us be realistic, because it is hurting the people. I believe it is propaganda that contradicts the objectives of the country's economy.

[Concepcion] I agree with you that the Cuban people have repeatedly demonstrated throughout these years that they have no need to speak about overconfidence. The people are capable of understanding the truth, no matter how hard or harsh it is. We are, in fact, urging or calling on people, for example, those who provide the news and those who report it, to be careful of what they say by not exaggerating results. For example, the production plans, performance results, etc. are not normally compared with the potential of a place, whether they be in the agricultural or industrial sector, but, rather, the worst year, which might have been last year, and you hear: We have exceeded the plan, or we have produced more than last year.

[Rodriguez] I was quite pleased when JUVENTUD REBELDE, for example, on 7 January published statements by Agriculture Minister Alfredo Jordon on the square-shaped plantain. I believe the square-shaped plantain had to be grown in this country because of a historical need. The square-shaped plantain has never been a tuber. I have always criticized it, but there is a need. Irrigation is lacking, and the square-shaped plantain is resistant, but now the minister has said he would seek other types of tubers. I was pleased to hear Jordon say that, because we cannot keep on fooling ourselves here when this country used to have a macho [macho] plantain. Tubers were actually cassava, sweet potato, a va-

riety of things, and we have based the country's entire yam production on a square-shaped plantain.

[Recio] I would like for you to address the first question. Are we getting rid of overconfidence? Do we have to fight it?

[Rodriguez] We must renew our efforts to fight it. I believe we are at a time of hope and optimism, but we cannot forget how progress is measured based on the extremely depressed production results of previous years. It is like crawling out from the depths of the earth's core and trying to reach the sky; therefore, we must be very rational and sensible. Above all, we must work hard, a point which I still do not observe in many people and institutions of this country.

'Straight Talk' Program Discusses Audits

PA0601144196 Havana Radio Rebelde Network
in Spanish 1700 GMT 5 Jan 96

["Straight Talk" program with Jose Alejandro Rodriguez of JUVENTUD REBELDE newspaper and host Oswaldo Rodriguez]

[FBIS Translated Text] [O. Rodriguez] Good afternoon, this is "Straight Talk" on Radio Rebelde. A mechanism for economic control — this is the topic journalist Jose Alejandro Rodriguez of JUVENTUD REBELDE newspaper brings us today. Well, Pepe, I believe we are already subject to such economic controls in our country, economic organization, and system. You talk about a method, a mechanism. You said audits are the mechanism you will refer to. Before we start on the topic of audits, I would like you to tell me: You do not believe audits are the solution to the problem?

[J. Rodriguez] No, no, Oswaldo, there are multiple solutions. The solution is multiple, varied. There are many aspects regarding the control issue. There are many aspects regarding control but we can say that audits are the control for the control, Oswaldo. We did not invent audits. They exist in any society. In other countries there is an organization called the comptrollership general of the republic.

[O. Rodriguez] Yes, you are right. I have seen that they have a comptroller.

[J. Rodriguez] The comptroller. Therefore, the audit is nothing else except...

[O. Rodriguez, interrupting] He is an important figure in any Latin American country where they have that method.

[J. Rodriguez] Exactly. An audit is nothing else but a control and supervision mechanism — in this case, in our society, it is the state — that must guarantee the

implementation of internal control norms, accounting norms, and the most efficient use of material and financial resources

[O. Rodriguez] However, the recently created audit system is not subordinated to an organization or ministry. It is subordinated to the Council of State, as you recently explained in another program.

[J. Rodriguez] Oswaldo, the system was not recently created. The audit system has existed in Cuba. What happens? What was the internal audits' situation in Cuba before all the economic reforms and changes? There were audits. There were internal audit systems in the organizations and enterprises, and there was a Verification Directorate in the old State Finance Committee.

[O. Rodriguez] Yes, when I said recently created I meant as an independent organization.

[J. Rodriguez] Independent. However, what happens? Auditors — who are very professional people, who must face a very problematic job and problems, who detect situations and distortions, and all that — did not always see the results of their work in the past. They used to go somewhere and leave a program of measures, but all their efforts were useless many times given the impunity with which the measures were implemented. In other words, the audits' full potential as a control and supervision mechanism was not always exploited. The idea — with the creation of the National Audit Office, which rules that activity in the country, and the Council of State's approval of the audits decree-law — is to give all the opportunities, strength, and importance to this reorganization mechanism, a mechanism that can greatly help us develop our economy in a much more efficient manner.

[O. Rodriguez] Look, I really think something is missing in the audits' issue. In my opinion, it is what happens after the audit. We all know — at least those who have worked with figures in an enterprise, or whoever has approached an enterprise and learned about settlements — how the famous settlement of inventory and the settlement of accounts are made. In other words, no one pays out of his pocket for what is lost, except if you go to court — which is not usual — and answer before a court and the court imposes a fine. Normally, there are no administrative mechanisms within the Cuban economy's structure for the director of an enterprise, or an accountant, or anyone under his command to be personally held responsible for losses, poor workmanship, or a wrong decision.

[J. Rodriguez] But, look, that is precisely....[pauses] I can talk about that. The audits decree-law regulates all

the activities and actions of the auditor and those subject to an audit. Also, I can tell you we cannot categorically say everything you mention has disappeared, but it is true the state's determination is greater. It is precisely because there is no other choice since the economy is decentralized. We return to the argument we previously reviewed. The economy is decentralized, new opportunities appear, the number of foreign exchange accounts in the country is tremendous, and all this makes it necessary to have a supervision and control mechanism.

[O. Rodriguez] Control mechanisms for the Cuban economy are the topic we are discussing today with journalist Jose Alejandro Rodriguez of JUVENTUD REBELDE newspaper. It is good to have these norms established, because it is annoying, and I believe demoralizing also, for any group when someone wastes resources or perhaps sometimes squanders them — and that is when he is taken to court. Perhaps because of unilateral decisions, or work methods that are outdated or totalitarian, resources are wasted, although they are not used for the personal benefit of anyone, and therefore there is no offense, according to our penal code.

[J. Rodriguez] In essence, the problem is that there is no tradition of control, accounting norms are neglected or underestimated, and there is no true economic and financial analysis. This has a little to do with the administrative style we have had for many years. You talk now with auditors, and they tell you of and give you an assessment of what they see in their work. There are many managers of the new emerging economy, meaning of joint ventures, who cannot read a balance sheet, who do not know about accounting.

[O. Rodriguez] That is where problems begin, Jose. What is that manager doing there, if supposedly qualified personnel were selected to work there? What is a manager who does not know how to interpret a balance sheet doing there? What about all the economists we have in Cuba who do know about these things? I think that is when the auditor has to act. I suggest that Jose Alejandro Rodriguez, who does not know a thing about it, be replaced by this or that person I can suggest, or that someone be sought in this or that other place. I think that is where we beginning to lose a little [pauses] I think even auditors must feel demoralized at times, or that they are powerless.

[J. Rodriguez] Certainly. Then we have the other situation, in which the auditor is almost like a researcher. It is a very interesting job. He has to go to some place. Most of all, he creates an awareness of the economy. He does a cleanup job, but people look at him as repressor, when in fact he is the best ally of any businessman or manager. He is the man who comes to protect your

roof before your economic roof caves in. One of the things we are beginning to implement now is a greater strictness, and measures are being taken, Osvaldo. What happens is that auditors do not like to make headlines or boast, do not want to tell you instances or inform you about this place or entity, because that falls within the ethics of auditors. Their work entails providing economic assistance, and the results of it are seen precisely in the elimination of all the distortions that are taking place.

[O. Rodriguez] I respect that auditor's ethics, but the other day I was talking to Renato and Eloy [not further identified] about price inspectors. I think we must divulge these things a little. With these ethics, they will never, never succeed in exalting the role of auditors, even before the consumer, as it were, meaning the persons they will conduct audits on. They will never exalt the role of auditors, and, therefore, they will never be the repositories of the confidence of the people. The people will never say: These are my representatives, the ones who will defend my money, since in sum, they are defending the money of the people, this is what these auditors are defending.

[J. Rodriguez] Of course, you see this also. Now, the auditor's task is much more complex. Now, within this economic panorama that is so highly diversified and versatile, the auditor has a challenge, as it is much more difficult for him to do his job. Sometimes they have to get tough on their jobs [pauses] meaning that there are many people [pauses] For instance, some auditors have told me that they are asking for stiffer punishments in the penal code for the loss of accounting documents. Sometimes

[O. Rodriguez, interrupting] I think we need this; this is necessary.

[J. Rodriguez] A balance sheet cannot be located. It is lost. Why was it lost? This could be due to ignorance, ineptness, but more often than not whenever there are no controls, this lack of control is a willful and premeditated action.

[O. Rodriguez] A mechanism of economic control is the topic we are discussing today with journalist Jose Alejandro Rodriguez of JUVENTUD REBELDE. Pepe, you were saying that when documents are lost, as I recall you mentioned before going to the break...

[J. Rodriguez, interrupting] Every time there is lack of control.

[O. Rodriguez] Well, there is a deliberate reason every time there is lack of control. Does this mean these actions promote theft and embezzlement of funds?

[J. Rodriguez] Of course, we cannot be naive. When you do not want to keep updated records, or you are not interested in keeping careful records of all transactions it is because you want to be under a state of anarchy, where nobody can take responsibility for the economic situation.

[O. Rodriguez] Could we overlook this naive person who is not participating, but is promoting this situation, and exempt him?

[J. Rodriguez] No, I do not think so. This is a very serious situation that affects the country.

[O. Rodriguez] Yes, the future of the country is at stake.

[J. Rodriguez] Oswaldo, we have to take into consideration that audits are a means of supervision, but cannot be the key for successful control.

These audits will not succeed — you can carry out many of them — as long as the firm has a team without defined objectives and the base is not taught about the importance of ensuring control. Therefore, we cannot expect that all answers will come from the audits carried out by the National Audit Office, the comptroller from the minister managing the firm, or the firm's comptroller, who by the way is not valued and has very little authority.

[O. Rodriguez] I have heard from accountants on several occasions that despite the fact that you can cover illegal transactions very well, there are ways of finding out disagreements between the accounts. On the other hand, I have heard that flawless records are suspicious, because a balance is recorded and everything seems perfect. The opposite happens when a deficit is registered, because there are inefficient or naive people, as we pointed out, who make mistakes. What is your opinion on this point?

[J. Rodriguez] Well, Oswaldo, beginning with the word deficit — which is an euphemism — we invent that word to smooth an unpleasant reality.

[O. Rodriguez, interrupting] Labels are given to it, a deficit free unit [unidad libre de faltante].

[J. Rodriguez] It is absurd to cover up what is the result of a situation that got out of control and is caused by illegal activities. Everybody knows that, and we have talked about this on previous occasions. People can witness this when they are buying at a shop and see products being sold at lower prices on the streets. That is related to the enforcement of control. This situation should be stopped because is draining the country's economy.

[O. Rodriguez] Many people say, well, if you can buy at the black market why not make it available on the regular market?

Well, Pepe, thank you for being with us at "Straight Talk."

Agriculture Minister Discusses Subsidies, 1996 Goals

PA0601164196 Havana PRENSA LATINA in Spanish
1757 GMT 5 Jan 96

[FBIS Translated Text] Havana, 5 Jan (PL) — Agriculture Minister Alfredo Jordan today announced that subsidies to the agricultural sector will be granted only in extreme circumstances and after careful analysis.

Jordan attended a meeting with leaders from the Cuban Communist Party and government, as well as businessmen from Granma Province. He noted that "estimates on losses" in the entities of the sector for this year are banned and encouraged them to reach profitability.

This is in addition to the already implemented economic reforms that include the opening to foreign investment, self-employment, and the enforcement of a tributary system, as well as an agricultural market regulated by changes in supply and demand.

Jordan defended the virtual elimination of subsidies by saying that Ciego de Avila Province had already reached profitability in 1995. It established a record in vegetables produced, more than 3 million quintals (one metric ton equals 22 quintals).

Jordan added that the expenses in the region for the past year in comparison to 1988 — when the previous highest rate of production was obtained — were only 22 percent for fertilizers, 60 percent for gas, 24 percent for chemicals, and 50 percent for functioning equipment.

Cuban agricultural production was 29 million quintals in 1995. This demonstrates a 9 million quintal increase in comparison to the previous year.

Cuban experts said the recovery of the sector is part of the general growth of the national economy. The economy grew by 2.5 percent in 1995 following a five-year crisis, which was caused by the collapse of the socialist bloc and the strengthening of the U.S. blockade.

The GDP was another achievement in the agricultural sector. It reached 12 percent in comparison to 1994. Moreover, the losses of more than 1 billion pesos (same amount in dollars at the official exchange rate) were reduced to less than 400 million.

Nevertheless, according to Jordan, the production levels are still insufficient to fulfill the overall needs of 11

million people. Therefore, the goal in 1996 is to reach approximately 34 million quintals of grains, roots, and vegetables and surpass the 1992 record by 1 million, Jordan said.

Fiscal Audits Reveal Embezzlements in Varadero

PA1001122696 Havana PRENSA LATINA in Spanish
0120 GMT 9 Jan 96

[FBIS Translated Text] Havana, 8 Jan (PL) — Fiscal audits carried out in Varadero, the largest Cuban tourism center, have revealed certain embezzlements that are reflected by frauds in the exchange of foreign currency.

As a result of the investigation, six cashiers and one auditor were arraigned before court, according to a National News Agency [AIN] note datelined in the famous seaside resort, which is located east of the capital.

The source has said the accused stole \$2,779 from the Cuatro Palmas Hotel in five months and \$11,000 from the International Hotel in 10 months, adding that tourists did not suffer economically from the consequences of these transgressions.

Likewise, inspectors have discovered the same fraudulent operation in Villa Punta Blanca, where the embezzlement totaled more than \$2,000 and was carried out between December 1994 and October 1995.

According to AIN, the crimes were possible due to an insufficient control and supervision from their respective managing offices.

Report Notes Foreign Currency Incentive for Tobacco Workers

PA1101000696 Havana Radio Rebelde Network
in Spanish 1255 GMT 9 Jan 96

[Report by Jesus Alvarez Lopez from the "Doing Radio" program]

[FBIS Translated Text] Talking to several tobacco workers in recent days has convinced me there are still doubts about the foreign currency incentive system being used during the current tobacco harvest.

Many farmers have erroneously thought they would receive 1.6 pesos in foreign currency incentives per 1,000 plants planted during the campaign. I will clarify this issue once and for all. Anyone meeting the planting goals will receive that amount in foreign currency per each quintal pledged, and they will receive an additional 2.4 pesos in foreign currency per each net quintal collected if they deliver their government quota. In sum, workers can make 4 pesos in foreign currency per net quintal of coffee, double the amount they

made during the past harvest, which demonstrates the country's interest in boosting tobacco production.

I believe tobacco farmers must be well informed about the guidelines the government has set, and we all have a duty in this regard, so nobody can be deceived.

I have learned of a technician who has told a worker that he had not received foreign currency during the last harvest, because he was 12 pounds short of the goal. Understandably, that farmer told me: "My God, I would have added to it and done whatever was needed to reach the goal had they warned me when I weighed the tobacco."

The government makes great sacrifices to provide foreign currency incentives to boost tobacco production, and these efforts must not be hindered due to situations that create only misunderstanding and erode trust.

The incentive system has faults and should be revised. To achieve growth, it was agreed that only those whose yields did not drop compared to the yields of last year would receive incentives. This resolution was well liked by those who reported low yields in recent years, but it puts the best in a tight spot.

The October Revolution Agricultural-Livestock Cooperative [CPA] in Camajuani is well aware of the unfairness of the situation. This CPA had the astronomical yield of 341 quintales of tobacco per caballeria during the last campaign; thus, it is totally unfair that it will not receive foreign currency incentives if it produces 340 caballerias during the current harvest whereas others producing 200 quintales per caballeria will get incentives if they report growth.

The right thing would have been to agree on a minimum yield. This mistake was one by the agriculture and National Association of Small Farmers leadership that must be corrected due to its consequences.

Oil Production Reaches 1.4 Million Metric Tons in 1995

PA0601183996 Havana Radio Rebelde Network
in Spanish 1255 GMT 5 Jan 96

[Report by Demetrio Villa Urrutia; from the "Doing Radio" newscast]

[FBIS Translated Text] The increasing demand for fuel in Cuba calls for sustained efforts to extract national crude. With this objective in mind and with the implementation of new techniques and investments in this sector, a production of 1.5 million metric tons of Cuban crude has been projected for 1996. The Oil Drilling and Extracting Enterprise of Central Cuba [EPEPC] is the largest oil producer in the country and

is constantly concerned with improving the quality of our oil.

[Begin EPEPC chief inspector Rafael Arias recording] Our oil contains sulfur, which is damaging to combustion because of the high level of corrosion it causes at our own facilities. Specifically, we do not apply any treatment to the sulfur contained in our oil. However, we add substances to help reduce viscosity so as to improve our oil for combustion. However, we do not eliminate sulfur. Our gas also contains sulfur.

The enterprise [words indistinct] in Cardenas consumes a portion of our gas production, has improved their facilities, and has finished their maintenance cycle and so forth.

We do not have a solution either for the sulfur contained in our gas. [end recording]

At the end of last year, Cuban oil producers had produced 1.4 million metric tons, which were mainly distributed to thermoelectric and cement plants. Nevertheless, this amount does not even satisfy 20 percent of the country's actual demand. Cuba needs more than 7 million metric tons of crude.

Article Examines Attempts To Cut Crude Oil Dependence

PA0701000996 Havana PRENSA LATINA in Spanish
0715 GMT 6 Jan 96

[Article by Mario Esquivel: "In Search of Petroleum Self-Sufficiency"]

[FBIS Translated Text] The sustained increase in Cuban production of hydrocarbon during the past three years, together with the growing presence of foreign capital in this sector, lead the way in the search toward petroleum self-sufficiency.

Crude oil extraction in the country during 1995 amounted to 1,475,000 tons (approximately 10 million barrels), which represents a 13.5-percent increase with respect to the volume obtained during 1994 (1,299,064 tons).

Average daily production settled at 30,000 barrels, which practically doubles the average amount obtained during 1990 (nearly 15,000 barrels each 24 hours).

Although still insufficient to cover Cuba's entire energy demands — since it only represents 20 percent of a total demand of 7.5 million tons — the increase in production nonetheless allowed the island to cover a significant portion of its electricity requirements needs, as well as those of the nickel and cement industry.

Cuba, with an annual energy demand of more than 10 million tons of crude during the 1980's, experienced an abrupt energy supply contraction following the crisis in eastern Europe and the break-up of the Soviet Union, the country's main crude oil supplier.

Hydrocarbon prospecting and drilling activities in Cuba during the 1980's were carried out through financing from the Soviet Union amounting to 60 million rubles every 12 months (\$100 million at a 1989 exchange rate), concentrated mainly in drilling and geophysics equipment in addition to technical assistance.

The brusque disappearance of this source of financing placed Cuba in a difficult situation and caused problems in the petroleum industry similar to the ones that affected former Soviet republics' oil industry.

However, officials from British firm Simon Petroleum Technology pointed out that Cuba's problems were further compounded due to the lack of financial capabilities that prevented the purchase of raw materials and spare parts.

To this we must also add the high costs involved in developing oil fields — estimated at \$200 million — an amount impossible to be invested by Cuba at this time even with the certainty of proven crude oil deposits.

The official strategy for the Cuban petroleum sector during the 1990's consists primarily in encouraging the access of foreign firms to the industry through risk contracts as a provision to guarantee much needed financing and technology.

An international bid that took place in 1993 in Calgary (Canada) presented the international business world with a glimpse of the prospects offered by the Cuban territory, divided in 32 fields for the prospecting and drilling of crude oil (22 on land and 10 in high seas), together with a second prospect presentation that took place in London in 1995.

Firms from Canada (CNW and Fairmont Resources), Great Britain (British Borneo and Premier), France (OFD and Geopetrol) and Sweden (Taurus) are currently operating 18 of the country's fields (12 in land and 6 marine)

According to some petroleum specialists, the production technology applied by foreign firms to active oil wells contributed to close to 20 percent of the increase in output recorded during 1995, as result of the incentive measures put into effect.

Specialists consulted by PRENSA LATINA pointed out that forecasts for 1996 call for crude oil extraction of nearly 1,500,000 tons (approximately 10.5 million barrels), in the meantime it is anticipated that prospecting

operations will be starting at Bahia de Cardenas, located in the western province of Matanzas.

In May 1994, a well with an experimental productive potential of 3,750 barrels per day was drilled in the region, although the likelihood of finding light hydrocarbon at greater depths has not yet been discarded.

In addition, this year, the firms actively involved in the Cuban petroleum industry will also be responsible for developing seven new experimental wells, as a first step in analyzing an area to determine its commercial potential.

Foreign firms operating in the country, according to officials from the Cuban Ministry of Basic Industries, are protected by guarantees stipulated in the current legislation and are protected from claims that may be filed by corporations involved in the sector prior to 1959.

Minister Encourages Farming Organizations To Produce More

PA0501011196 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 4 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] A year of hope, consolidation of Cuba's agriculture, and of a lot of work, that is what 1996 is going to be. Expectations are to produce 34 million quintals of tubers and vegetables, which would represent a historic production record.

Growth in the fish farming sector, the elimination of subsidies, and an increased economic efficiency will be obtained using one strategy: Strengthening the sector's capacity to increase production. The tactic will be to achieve the necessary level of organization, control the production process, increase discipline, and obtain productive organization, that will achieve its social goals.

Agriculture Minister Alfredo Jordan Morales considers that the adequate use of resources is essential to obtain maximum productivity.

[Begin Jordan recording] We must work so that all our productive organizations — the basic cooperative production units, the agricultural-livestock cooperatives, Youth Labor Army farms, Interior Ministry farms, state farms, individual producers, and all other productive areas — are able to provide maximum production. Especially, by significantly encouraging any increase in production. [end recording]

At this time, the ministry's leadership is analyzing and choosing the steps to be taken by each province to attain the needed increase in agricultural and livestock

production. For example, it was informed that Las Tunas, for the first time in history, a profit — and not losses — of 3 million pesos is expected.

The Agricultural Ministry will also continue to implement initiatives such as creating the National Ox-Drivers School [Escuela Nacional de Boyeros] and the General Antonio Maceo High Gain Detachment, made up of young people from agricultural-livestock polytechnic schools.

Granma Sugarcane Workers Set Production Record for Planting

PA0601160896 Havana Radio Rebelde Network in Spanish 1800 GMT 4 Jan 96

[From the "National Radio News"]

[FBIS Translated Text] Sugarcane workers in Granma Province ended 1995 with a new production record in the winter sugarcane planting campaign and have begun the harvest with the best results in the country. This prompted Sugar Industry Minister Nelson Torres to send them a message of congratulations.

The province is fulfilling its sugar production goals in the early harvest by 189 percent thanks to top-rated cane and an average productivity of over 12.50 [as heard]. At a time when it seemed impossible to meet the winter campaign goal of 538 caballerias, thanks to immense efforts and the peoples' cooperation, 546 caballerias were planted to establish a new record. The rest of the crop tasks are stable and the level of weeds continues to drop. In this last 10-day period it was 12 percent.

The top leadership of the party and the sugar industry in Granma Province have stressed the importance of ensuring that planted caballerias are not left unattended, in order to make them yield over 100 arrobas and thus guarantee the growth expected next year.

GRANMA Discusses 'Key Responsibility' of Sugarcane Workers

PA0601162096 Havana Radio Rebelde Network in Spanish 1800 GMT 4 Jan 96

[From the "National Radio News"]

[FBIS Translated Text] In today's edition of GRANMA, comrade Susana Lee writes that 1996 will be difficult, but better than 1995. There are no easy tasks in the economic goals of the country. However, the conditions and the will is there to maintain the ever-growing tempo already experienced last year.

Lee affirms in her article that even though it is tough, everyone has to pitch in to improve things in this

vital year that has just begun; there is no doubt that sugarcane workers have upon their shoulders a key responsibility for 1996 to produce approximately 4.5 million metric tons of sugar, 1.2 million more than the previous harvest, a vital goal which every Cuban should assist.

The article adds that the investment amounts to tens of million of dollars in credits at high interest rates [as heard], which reveals the trust the lenders have in our country, the possibility of receiving greater financing for future harvest, and the decision to have the sugar industry occupy its proper role in Cuba's economy.

The GRANMA article also stresses that other sectors experienced growth during 1995, and higher and more efficient growth is expected in 1996.

The net revenues brought in by tourism should increase approximately 50 percent, and the sale of Cuban products in the hard currency markets is expected to behave similarly. Construction is the cornerstone to increasing investment by 27 percent in 1996; therefore it is imperative to increase labor discipline, standards, organization, productivity, and efficiency in this sector.

The GRANMA article concludes by stating that new sacrifices will be required in this new year, but the immense majority of the Cuban people are aware of this, as they are aware that our path, although still difficult, is viable, and even more important, is viable within socialism.

Agriculture Minister Comments on Profits in Sector

PA0701010296 *Havana Radio Rebelde Network in Spanish* 1800 GMT 5 Jan 96

[From the "National Radio News" newscast]

[FBIS Translated Text] On 5 January, after reviewing production results in Las Tunas, Holguin, and Granma Provinces, Agriculture Minister Alfredo Jordan held a meeting with directors of all firms from Santiago de Cuba.

Jordan stressed during his speech that in 1996, no investments will be made to nonprofitable enterprises. For example, Santiago de Cuba generated a very low production of sweet potato. The harvest was only 800 quintals per caballeria, although approximately 4,000 to 5,000 [quintals] should have been collected.

[Begin Jordan recording] We want to see results, the province has to yield results in order to receive funds. If we need to bring 50 more peasants to collect 5,000 to 6,000 quintals per caballeria, then we will invest in those 50 peasants.

Cuban agriculture is capable of yielding better results. Only 50 percent of the cultivated caballerias should be able to produce all the food needed to fulfill the needs of this country. Nevertheless, the results are deficient. The tobacco production, for example, was only 198 quintals per caballeria. Comrades, this is embarrassing. [end recording]

The agricultural sector wants profits in the high results.

Sugar Vice Minister Announces Sugarcane Plantation

PA0701032996 *Havana Radio Havana Cuba in Spanish* 1300 GMT 6 Jan 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Sugar Industry Vice Minister Gilberto Llerena has said that sugarcane planting during the rainy season surpassed 800 hectares, which constitute one of the largest plantations in the past five years.

Llerena said the area planted represented an increase of 100 hectares more than the amount planted during the winter of 1994.

Sugar workers will begin planting sugarcane in the spring. This task is the most elaborated and compressed because it is carried out simultaneously with the sugarcane harvest in four months.

Cuba's sugarcane production goal for the 1996 harvest is 4.5 million tons. This amount represents 33-percent more than the previous harvest.

Nico Lopez Refinery Repaired To Improve Efficiency

PA1001205296 *Havana Tele Rebelde and Cubavision Networks in Spanish* 0100 GMT 7 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] This is the largest volume of repairs the Nico Lopez Refinery has ever seen. There have been 206 tubes from the main boiler [horno de carga] — the plant's heart — replaced, the water cooling system was changed, and the heat interchangers were repaired. All of this means increased production stability, a reduction in energy consumption, and a considerable improvement in efficiency.

Plant number one produces kerosene for the population, diesel, fuel oil, asphalt, naphtha — for the production of manufactured gas in Marianao — and the fundamental catalytic reaction [craqueo catalitico] element used for the production of special gasoline and liquid gas, which are produced in plant number two.

[Begin unidentified plant official recording] We have had cooperation from many enterprises. From our union, especially, our construction and maintenance enterprise, Cienfuegos refinery personnel, the Hermanos Diaz Refinery... [end recording, in progress]

The Nico Lopez Refinery obtained favorable economic results during 1995. Recovery of work discipline was noticeable, and a package of improvements in the worker's situation and salary measures were responsible for the increase in efficiency obtained during 1995.

Minister Speaks in City Hall on Havana Health Situation

PA0901215996 Havana PRENSA LATINA in Spanish
2356 GMT 6 Jan 96

[FBIS Translated Text] Havana, 6 Jan (PL) — Cuban authorities called today for an improvement of medical services to counter the current epidemiological situation in the capital, which was described as complex.

In a special session of the Assembly of the People's Government (City Hall) of Havana, Health Minister Carlos Dotres said despite the achievements attained by the country in this field, it is necessary to work "hard with new methods and styles" to meet the people's demands.

Dotres, who took office in 1995, said that despite the severe economic crisis in the island in the last five years, no hospital or clinic was closed, 19,000 professionals graduated, and the health system still ranks in the top 28 out of 150 countries.

"Cuba theoretically has the best primary or basic health program in the world with 27,000 doctors and with access of 96 percent of the population to nearby doctors or nurses," he said.

Likewise, he called on the people to assume with responsibility the work to solve the current epidemiological problems, especially in this city, a phenomenon he described as "a volcano because emerging and re-emerging diseases that exist in neighboring countries may show up here, if not fought off on time."

The health minister mentioned the reduction of leptospirosis and tuberculosis and skin and digestive diseases at the national level. As for chronic, noncommunicable diseases, he said that sickness-mortality statistics for the Caribbean nation resemble those of highly industrialized countries.

He said, "It has been a great achievement to keep the country free of a group of diseases, 11 of which are prevented with children vaccines and which are deadly and serious in other countries."

He called as a success for the Cuban health system the attaining in 1995 of a mortality rate of 9.7 deaths per 1,000 live births, the second lowest rate in the country's history. He called for a better treatment of the elderly, given that the population is growing older as a result of a life expectancy of 75 years.

According to the health minister, Cuba has five fundamental strategies for 1996 aimed at strengthening the community doctor and nurse program and the improvement of hospitals, especially in this city, the repairing of which, he said, requires nearly \$100 million.

Likewise, the authorities will concentrate on the incorporation into the national health system of a group of advanced technological methods to improve practice in ophthalmology, oncology, nephrology, and cardiology, while plans are being made to develop natural and traditional medicine.

Dotres said priority will be given to aspects such as stomatology, optician services, health-related transportation (only 114 ambulances operate in Havana), and homes for the physically and mentally handicapped or impaired.

As for the city's health in 1995 — the primary topic discussed during the provincial government's meeting — the territory's health director up until today, Pastor Castell, said the integration of health and epidemiology aspects with the basic services allowed for an increase in the quality and the quantity of services even though it is not quite enough.

As for diseases that preventable through vaccines, Castell said, only a few positive cases are reported. There are no cases of poliomyelitis, diphtheria, whooping cough, tetanus, measles, and rubella, and only a few cases of meningitis.

Last year, he added, lung tuberculosis increased and the most adversely affected people were those over 65. By occupation, 59 percent of the patients were retired individuals, housewives, and prisoners.

Castell said the most common causes of sickness through transmittable means continue to be respiratory illnesses and acute diarrhea. A reduction in the number of cases was observed in the latter because of the stability attained in the chlorination of drinking water, but the number is still high.

Sexually transmitted diseases continued to be reported, especially among young people, and there was an increase in the number of syphilis and blennorrhagia cases, but not in the number of AIDS cases, which actually dropped.

Moreover, as for the so-called zoonotic diseases, we can mention leptospirosis as well as a high number of cases of scabies and lice, especially among schoolchildren because of a lack of personal hygiene, the lack of strictness in following what is taught in school, and the lack of medicines to treat the affliction.

According to authorities in Havana, noncommunicable diseases remain the principal cause of death in the city, especially heart diseases, similar to what occurred in 1994, with the exception of myocardial arrest, which dropped, even though it remained the leading cause of death.

Malignant tumors took second place with a slight drop. Cerebral-vascular disorders took third place, while accidents were the fourth cause of death, even though their numbers decreased compared to the previous year.

Armed Forces Increase Efficiency, Revenues

PA0701232596 Havana Radio Rebelde Network in Spanish 1800 GMT 6 Jan 96

[Report by Margarita Torres from the "National Radio News"]

[FBIS Translated Text] In 1995, the Revolutionary Armed Forces self-financed 30 percent of its expenditures. This has enhanced the country's defensive capabilities with basis on a rational use of resources. The FAR increased its economic efficiency this past year in comparison with 1994, when the self-finance capability was 27 percent.

To achieve this, all the military institutions made a sustained effort to diminish expenditures and increase income.

Colonel Miguel Viamontes Rodriguez, deputy chief of the Ministry of the Revolutionary Armed Forces Directorate, told me that the FAR'S enterprise sector was profitable, and that the construction, agricultural and livestock, and the industrial sectors made the largest contribution, although the latter's contribution was the largest of all.

The military enterprises, in addition to guaranteeing the availability of weapons in their modern installations, last year increased their services to various sectors of the national economy and this brought in significant monetary revenue.

The efforts FAR is making to reach self-financing capabilities have two vital objectives, Colonel Viamontes said.

[Begin Viamontes recording] The objectives are to heighten the combat disposition of our forces and troops by being more rational, spending less, and not

sacrificing, but improving, the defense capabilities of our Revolution; and to improve the standard of living not only of our officers, professional workers, and civilians, but also of their relatives. [end recording]

For next year, the FAR's budget is for 701 million pesos that are to be used on defense and internal order expenditures. This is 5-percent less than the 1995 budget assignment to the FAR.

Highway Tolls Begun on Highway to Tourist Centers

PA1001154596 Havana PRENSA LATINA in Spanish 1918 GMT 9 Jan 96

[FBIS Translated Text] Havana, 9 Jan (PL) — Officials said today the Fund for Highways Investment, Maintenance, and Management [Fondo Para la Inversion, Conservacion, y Administracion de Vias] (FICAV) will start collecting tolls in the first quarter of 1996 to ease the state's role regarding maintenance of the national highway network.

FICAV Director Oscar Roque announced that drivers traveling along the highway to the tourist centers of Varadero and Cayo Coco will soon have to pay from 2 pesos (same amount in dollars) for cars and motorcycles to 14 pesos for six-axle trucks.

Roque told PRENSA LATINA that the implementation of this toll is an unpostponable need to face the current situation of highways, 60 percent of which are in bad or poor condition.

The planned tax, which is less than the international minimum, is intended to guarantee the optimum condition of the highways where it is imposed, guarantee the users' safety and comfort, increase the vehicles' commercial speed, and reduce their operation costs.

Likewise, he added, part of the funds will be invested in the maintenance of other highways that are not subject to the payment of this contribution, which will be made in Cuban pesos, convertible pesos, or U.S. dollars.

According to the FICAV director, other highways, tunnels, and bridges in the island will be included in this toll system in the measure that their technical repairs and renovation is carried out.

He said the next goal is to include the Havana Bay tunnel, the Monumental Highway, the National Highway, and the White Way in this toll system.

Roque emphasized: The island currently has 50,000 km of highways and roads — 14,000 of these are part of the main paved network — with an overall value of 5 billion pesos.

Referring to the economic impact in other sectors of the economy, the leader said enterprises will be more efficient in the important sector of commercial transportation with the improvement of these highways.

According to international statistics, each dollar not invested in the maintenance of highways increases threefold the purchase of tires, fuel, and other things with an equivalent reduction in transportation activities.

Commentary: Citizens Accept New Tax Law Calmly

PA0601191096 Havana Radio Havana Cuba
in Spanish 0000 GMT 6 Jan 96

["Radio Havana Cuba Comments" commentary; from the "Evening Information Review" newscast]

[FBIS Translated Text] The announcement about the implementation as of 1 January of this year of a new tax law has been received by Cubans calmly.

The implementation of significant economic changes to pull the country out of its worst economic crisis in peacetime without triggering much social trauma has produced good results that are mirrored in the sustained development of a national economy that had been dramatically failing until two years ago.

The plunge the Cuban economy took when the Soviet Union and the Eastern European socialist bloc vanished came to a halt in 1994. That year the Cuban economy registered a 0.7 percent growth rate and this demonstrated the appropriateness and efficacy of the readjustment measures gradually implemented by the revolutionary government.

In 1995, growth was 2.5 percent, a figure that should be doubled this year.

The readjustment measures, which include the opening of the national economy to foreign investments made in close association with the Cuban state, the rapid development of tourism, and the heroic resistance of the Cuban people were the basis of the new situation.

During the worst moments of the crisis, no hospital or school was closed in Cuba.

At the end of last year the country was able to joyfully announce that the infant mortality rate has been reduced to 9.4 per 1000 live births, one of the lowest infant mortality rates in the world.

All this has special significance considering that Cuba has been economically blockaded by the U.S. Government for over 30 years and that lately, following the socialist collapse in Europe — which deprived Cuba of

85 percent of its economic relations abroad — this criminal measure has been intensified to the highest degree.

Now the U.S. Congress is discussing a bill to further intensify the anti-Cuban blockade, which has been rejected by the huge majority of nations and by countless institutions and personalities from all sectors.

The Cuban people have demonstrated that they can overcome any kind of difficult situation with dignity and patriotism.

All the workers of the country were consulted on the decision to return to the imposition of taxes to prop up state revenues. The consultations were made through an assembly system through which the citizens freely expressed their opinion and were given all the required explanations.

Popular consultations before implementing measures that may affect the population on most important national decisions have been an invariable norm of the Cuban revolutionary Government. This is why the Cuban people have not only accepted the imposition of taxes, on top of all the sacrifices and efforts they are making, but they have also remained devoted to the defense of their dear country, now turned into the bulwark of national dignity throughout the planet.

Cuba's heroic defense has earned respect and admiration for the Cuban people from the majority of mankind. Our nation has been able to defeat the internal enemy, which our own limitations represent, and remains firm before the most powerful external enemy any country could have in the world: The imperialist U.S. Government, which is being left isolated with its criminal anti-Cuban policy.

Roundup of Sugarcane Developments Through 7 Jan

PA0801043996

[FBIS Editorial Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 7 January.

Eleven sugar mills throughout Cuba will receive 245 new combine harvesters before the end on 1995 built by the 60th Anniversary of the October Revolution plant in Holguin Province. The new sugar combines are reportedly twice as efficient as other models. The plant also manufactured a large number of spare parts for the combines. The Holguin manufacturing plant produced products worth 23 million pesos with profits of 2.5 million pesos. (Havana Radio Rebelde Network in Spanish 1800 GMT 29 Dec 95)

Five days after the beginning of sugarcane milling in Matanzas Province, Nelson Valle Larosa, director of the Nelson Mario Munoz Monroy Agro-Industrial Complex, said that the mill is ahead in its production schedule. The sugar mill has a goal of 130,000 arrobas this harvest. (Havana Radio Rebelde Network in Spanish 1800 GMT 1 Jan 96)

The sugarcane industry in Villa Clara Province is having its best results in five years with more than 2,425 caballerias planted and has cleaned up more than 24,000 caballerias. Fertilization will allow an increase of more than 100,000 arrobas per caballeria. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 4 Jan 96)

Five provinces have achieved the sugar planting quota: Matanzas, Havana, Santiago de Cuba, Guantano, and Granma Provinces. Las Tunas and Holguin Provinces almost reached their quotas. In Santiago de Cuba, during the sugar harvest, the land was being prepared for planting. Pinar del Rio Province is the farthest behind schedule. It has achieved only 37 percent of its quota. (Havana Radio Rebelde Network in Spanish 1255 GMT 6 Jan 96)

Winter sugarcane planting in Camaguey Province continues. Production indicators in Jesus (Soarez Gayol) sugar mill complex reveals 6.6-percent production efficiency out of a possible 8.0 percent, and 52.0 in sugar recovery out of a possible 82.0 percent reveal a lack in efficiency. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 6 Jan 96)

According to Sugar Ministry, Minaz, figures, the 1995 winter sugarcane planting campaign achieved 1,100 caballerias more compared to the 1994 winter planting campaign. Minaz said winter sugarcane planting reached 9,780 caballerias. Matanzas, Granma, Santiago de Cuba, Guantanamo, and Havana Provinces achieved their quotas. Matanzas, Holguin, Villa Clara, and Las Tunas stood out for the large amounts of sugarcane planted. Cienfuegos was the province which had the greatest increase in winter planting compared to last year. (Havana Tele Rebelde and Cubavision in Spanish 0100 GMT 6 Jan 96)

Roundup of Economic Developments Through 9 Jan PA0901215796

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 9 January.

The citrus industrial complex on the Isle of Youth produced 2,077 metric tons of concentrated juices and 39.5 metric tons of basic oils in 1995, and thus, became

one of the country's most efficient. (Havana Radio Rebelde Network in Spanish 1800 GMT 2 Jan 96)

In the past four years, Cuba has signed risk contracts with petroleum companies from Canada, France, United Kingdom, and Sweden involving 18 areas — 12 on land and six at sea — GRANMA has reported. Crude production for 1995 had been estimated at 1.4 million metric tons, but actual production was 1.45 million metric tons. Cuba expects to produce 1.5 million metric tons in 1996. (Havana PRENSA LATINA in Spanish 1806 GMT 2 Jan 96)

Agriculture Minister Alfredo Jordan reported on 3 January that Cuba's agricultural output for 1995 was 29 million quintales, that is, 9 million higher than in 1994. Except for cow milk production, all other agricultural sectors registered significant improvements, he added. Jordan noted that the GDP for the agricultural sector in 1995 increased by 12 percent in comparison to that of 1994, while losses were reduced from more than 1 billion pesos to less than 400 million pesos. The minister, however, pointed out that despite these increases, Cuba cannot yet meet all the needs of its 11 million inhabitants. The country expects to harvest about 34 million quintales in 1996. (Havana PRENSA LATINA in Spanish 1830 GMT 3 Jan 96)

According to the local media, Cuba plans to increase production of agricultural equipment by 25 percent in 1996. It will also renovate every machinery factory of the steel mechanical industry. Miguel Gonzalez, director of the union of machinery enterprises of the steel mechanic industry, reported that 245 KTP-200 sugarcane harvesters were built in 1995. The goal is to reconstruct 500 others in 1996. (Havana PRENSA LATINA in Spanish 1947 GMT 3 Jan 96)

Sancti Spiritu Province fulfilled its goal of cultivating 550 caballerias of tobacco in 1995. More will be planted in January in an attempt to harvest 150,000 quintals this year. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 3 Jan 96)

The economy of Pinar del Rio Province grew by 9.3 percent, and 95 percent of its enterprises registered production increases in 1995. Agriculture grew by nearly 40 percent thanks mainly to increases in food production that averaged more than 15 lbs per person per month in 1995. The sale of citrus products, which are the province's main export, dropped by 15 percent for failing to meet the buyers' standards. (Havana Radio Rebelde Network in Spanish 1800 GMT 3 Jan 96)

Ciego de Avila Province has surpassed its tobacco cultivation goal with 105 caballerias of tobacco, five more than planned. Farmers expect to harvest about 22,000

quintals of tobacco leaves. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 4 Jan 96)

Camaguey Province rice growers will cultivate 460 caballerias as of February and will meet the annual goal of 1,179 caballerias in July established for the Industrial Automation Center in southern Camaguey. This province achieved the country's highest yield in 1995. (Havana Radio Rebelde Network in Spanish 1255 GMT 4 Jan 96)

The Agriculture Ministry has reported that 121 caballerias of tobacco were lost and 150 others were damaged by heavy rains in San Luis, San Juan, and Martinez in Pinar del Rio Province. (Havana Radio Havana Cuba in Spanish 0000 GMT 5 Jan 96)

Note to U.S. Official Cites NAFTA 'Irregularities'

PA1101034196 Mexico City LA JORNADA
in Spanish 10 Jan 96 pp 1, 46

[Report by Patricia Munoz and Alberto Espinosa]

[FBIS Translated Text] The Mexican Government is "deeply concerned" about the support the U.S. Administration is giving "several legislative reform proposals presented in that country," as they could totally violate the North American Free Trade Agreement (NAFTA) and unfairly hinder it.

Herminio Blanco, secretary of the Commerce and Industrial Development Secretariat [Secofi], expounded Mexico's concern in a letter sent to Michael Kantor, commercial representative of the White House, this week. In the letter, the Mexican official points out a number of irregularities which are being committed by U.S. authorities and which do not conform to the accords agreed upon in NAFTA.

In a serious and energetic tone, Blanco Mendoza stated that our country's concerns over the infringements of this agreement will be presented at the trilateral consultations that will be held next week to discuss the problems that have arisen regarding across the border transportation and the trade of Mexican tomatoes.

Specifically, the letter stated:

"The Mexican Government wants to use those consultations to voice its concern about the support the U.S. Administration has given to several reform proposals presented in the legislature of your country, which also could result in violations of NAFTA."

The original intent of the letter is to manifest the Mexican Government's disagreements with the U.S. proposal to modify the seasonal assignment of the duty quota established in the tomato treaty (Mexican tomatoes). This measure, according to the explanation given by the Secofi head to his U.S. counterpart, would have "restrictive effects" on the commerce of tomatoes coming from Mexico and "a protectionist purpose," which are contrary to the goals and principles of the agreement.

Blanco even stated that during the past 20 years, U.S. tomato producers have requested that their authorities adopt mechanisms to restrict the entry of Mexican tomatoes, even though such requests are groundless. Thus, the decision to disregard the agreements signed in NAFTA, in this regard, are "a clear violation of the obligations engaged by the U.S. Government in NAFTA," Blanco told Kantor in his letter. He also requested that "consultations" on this issue be held

"in accordance with Article 2006 of NAFTA" which stipulates they be carried out within the next 15 days.

Jaime Zabludovsky, Secofi under secretary for international commercial negotiations, said at an interview this morning that the Mexican and U.S. Governments will initiate "consultations" in Washington next week to ventilate the conflicts that have arisen in NAFTA regarding across the border transportation and tomatoes. If agreements are not reached during those consultations and the controversies continue, the Mexican Government will demand that trilateral panels be established to study the issues and to make a final decision in both cases, he said.

According to Zabludovsky, they are talking with the U.S. counterparts to set the date for the consultations, but they have encountered "several obstacles," because the U.S. Government was closed up to yesterday and only accepted to hold the talks requested by Mexico on the liberalization of transportation. He said once a request for consultation is made, it has to be held in the following 30 days, and "in case the problem is not resolved, NAFTA also establishes the different instances that will have to be used, such as a meeting of the NAFTA Commerce Commission, the top organization in charge of managing the agreement."

In the specific case of the liberalization of across the border transportation, the Mexican official said both countries were due to initiate the opening of the international cargo transportation service at the northern border of Mexico and the southern border of the United States on 18 December. The U.S. Government announced on that date, however, that it would only accept the requests of Mexican transportation operators on that date but would not authorize them to enter.

Mexico's position is very clear, Zabludovsky said: NAFTA states commitments and liberalization deadlines that must be met. The agreement also specifies that U.S. trucks that cross the Mexican border must be authorized by the Mexican Communications and Transport Secretariat and must be trucks that comply with Mexico's norms. Likewise, he said, the Mexican trucks that enter the United States are only those that comply with the norms the United States demands from its own internal transportation sector. This point, he said, "has not been fully understood by people. We have to specify this matter, because not any truck can enter the United States." This issue will be broached at the consultations that are to be held in forthcoming days.

The under secretary noted, however, that "the Treaty has had truly satisfactory results in the first two years of operation." Trade between the three North American countries grew very dynamically during 1994, especially

between Mexico and the United States where the growth rate surpassed 22 percent. Furthermore, in the current time of economic contraction, the treaty is an "important element" to give Mexican producers a way to confront the difficulties in the internal market, he added.

PGR Arrests Alleged Drug Trafficker Accused by U.S.

PA1001232396 Mexico City NOTIMEX in Spanish
2118 GMT 10 Jan 96

[FBIS Translated Text] Mexico City, 10 Jan (NOTIMEX) — The Attorney General's Office (PGR) has provisionally arrested, for extradition purposes, U.S. citizen Jorge Jose Garza Jr., whom the United States has accused of committing several drug trafficking crimes.

The PGR has stated in a communique that Federal Judicial Police agents have arrested the alleged drug trafficker, also known as "George Garza" and/or "Jorge Andres Garza Garcia," in the northern state of Nuevo Leon.

U.S. judicial authorities have accused Garza of association to plan and make imports of cocaine, participation in cocaine imports, and possession for commercialization purposes.

According to the facts in the case, the accused was arrested on 6 July 1992 in California when he was carrying 320 kg of cocaine he received during a "change of vehicle" with Jose Rua, who was under police surveillance.

On 8 September 1992, judge Stephen J. Hilman, from the U.S. District Court of the California Central District, issued the arrest warrant against Garza, who then fled to Mexico to evade U.S. justice.

The U.S. authorities have asked Mexico to arrest the accused in order to extradite him, the reason why Fernando Andres Ortiz Cruz, a judge at the 10th penal district located in Mexico City, has requested Garza's arrest.

According to the current extradition treaty the two countries have signed, the U.S. legal authorities have 60 days to legalize the extradition petition for Garza, who will remain at the Southern Prison in Mexico City.

Report Says Former President Salinas Living in Cuba

PA1001205396 Mexico City LA JORNADA
in Spanish 7 Jan 96 p 4

[Report by Jose Urena]

[FBIS Translated Excerpt] Carlos Salinas de Gortari lives in Pinar del Rio. You seldom see him during

the daytime, and at night, he turns nostalgic as his eyes wonder out into the horizon, toward the Mexican horizon. [passage omitted]

He is in permanent contact with his family and friends, those who remain loyal. He has access to cellular phones with which he can place calls to Mexico City or any other place in Mexico, as if they were local calls.

His visitors are not very frequent, but they are discreet. Most of them arrive at the Havana Airport where confidential agents take them to an exclusive room or to Granma Province, where they meet with him.

Carlos Salinas de Gortari is not in danger anywhere. A commando group from the Interior Ministry, from G-2, is permanently guarding him and warning him of any possible difficulties. [passage omitted]

The former Mexican president and his family were planning to spend Christmas some place in Nuevo Leon, preferably in Agualeguas. However, many heard about these plans, and there were no guarantee of privacy or tranquility for 24 December.

In view of these circumstances, Carlos Salinas de Gortari, decided to invite his children to the socialist island. On Tuesday, 26 December, Carlos Emiliano and Cecilia Salinas Occelli were taken to him and they held a conversation for several hours.

The information received in Mexico says that they were given a protocol reception reserved for very few persons, similar to the one given to Ana Paula Gerard when she arrived on 23 August 1995. A government representative welcomed them and separated them from the rest of the passengers. [passage omitted]

Judging from the comments following the trip, he probably told them that his lawyers in Mexico City are making quick progress on finalizing his divorce from Mrs. Cecilia Occelli.

The rest of the information obtained says that Carlos Salinas was very sincere about his plans: He told his children that Ana Paula Gerard is pregnant, that they are expecting the birth of their child in the spring, and that he wants to legalize this situation. [passage omitted]

He also told them that perhaps his stay in Cuba will be for an indefinite period of time. After all, he does own a home and is fixing up the Las Nubes Ranch, about 60 km from Havana on the highway to Pinar del Rio.

The fact that his presence is denied does not stop him from receiving frequent visitors. If in Canada, he met with his former Secretary Pedro Aspe Armella and Carlos Rojas Gutierrez — who is still Secretary of Social Development — things in Cuba have not

changed. One of his guests a few weeks ago was Salvador Giordano Gomez. Just in case some persons do not remember this individual, we will tell you that he used to play soccer with Carlos Salinas when they were teenagers.

Since that time, he has kept in close contact with Salinas, and particularly with Raul. He worked for him, for example, when he was directing the construction of rural roads and when he was the comptroller for the Distribution Company of the National Company for Basic Commodities (Diconsa) from 1982 to 1987.

The Salinas followers witnessed how Girdano rose to fame in October 1987. His friend Carlos appointed him coordinator for special guests, and given his power, he just had to issue an order and he had numerous jets at his service to take care of the business and elite political groups.

He was in this position when it was revealed there were 300 billion pesos at that time missing in Diconsa. Nobody investigated further, and nothing was done. This was only the beginning of the corruption that the media is just barely beginning to learn.

The rest is well-known: In spite of his record, Giordano Gomez continued working in key posts at Conasupo [National Company for Basic Commodities] during the Salinas administration. He went as far as being the undersecretary of the Secretariat of the Comptroller General of the Federation where he rejected the charges against Raul Salinas.

Well, this Salvador was in Cuba. He spoke with Carlos Salinas, and later it was learned that the former president had decided on the strategy to prolong the trial which is taking place in Mexico against his brother for having allegedly ordered the murder of his former brother in law, Jose Francisco Ruiz Massieu, and for the crime of illegal enrichment.

He is trying to buy time to delay the ruling, and both Judge Diogenes Cruz Figueroa and Attorney General Fernando Antonio Lozano Garcia have apparently fallen into the game, because they accept every straw witness the defense presents.

In view of the abovementioned, one can conclude that Carlos Salinas de Gortari is not inactive or unaware of what is happening in Mexico. He is, in fact, in Pinar del Rio. He lives close to a house owned by the Council of Ministers, where Fidel Castro has sometimes been seen.

Zedillo Asks Ambassadors To Strengthen Country's Image

PA0501120796 Mexico City XEW Television Network in Spanish 0400 GMT 4 Jan 96

[From the "24 Hours" newscast; passages within quotation marks recorded]

[FBIS Translated Text] Mexican consuls and ambassadors abroad have convened in Mexico. They received specific instructions to strengthen Mexico's image abroad.

Mexico will never resign the position it has earned among nations. Mexico is not closing itself because of the crisis; it is recovering and advancing. President Ernesto Zedillo said to more than 70 Mexican ambassadors and consuls accredited abroad. During a meeting held at the Lopez Mateos Hall in the official Los Pinos presidential residence, Zedillo urged the diplomats to redouble their efforts so that Mexico's image abroad will reflect the country's advancements and internal reality.

[Zedillo] "In the international field, difficulties, scandals, and the sometimes spiteful attempts to single out of Mexico as a country of economic failures and corruption has frequently tarnished the positive results of our collective efforts."

Zedillo said that economic prospects for 1996 are notably better than in January of last year.

[Zedillo] "No one can deny the great difficulties affecting families, communities and the entire nation. We should not, however, react with complaints or discouragement. We should not long for the past either. Instead, we should react with firm actions for the present and the future."

Meanwhile, Foreign Relations Secretary Jose Angel Gurria announced that Mexico's agenda for bilateral and multilateral actions this year will be particularly intensive. He recalled that 1996 will be an electoral year in the United States.

[Gurria] "This will require additional diplomatic efforts to prevent the politicization of topics related to Mexico."

Gurria said President Zedillo will tour Europe by the end of January and will travel to Panama in February. He also announced that the UN secretary general, the Peruvian and Brazilian presidents and the Grand Duke of Luxembourg will visit Mexico.

Mexico will remain alert to respond to any verbal attacks made during the U.S. electoral campaign.

Mexican ambassadors said that 1996 will be an important year to reinforce Mexico's image abroad. Interviewed after meeting with President Zedillo in Los Pinos, Jesus Silva Herzog, Mexican Ambassador to the United States, said that the Mexican and U.S. Governments are clearly determined to maintain a climate of cordial relations. Regarding the possibility that Mexican affairs could become controversial subjects in the U.S. presidential campaign, Ambassador Jesus Silva Herzog said:

[Silva] "We must be very alert to identify remarks from the candidates, and eventually reply with our own viewpoints."

Guillermo Jimenez Morales, Mexican ambassador to the Vatican, said that there are grounds to convince the world of Mexico's advancements.

[Jimenez] "Undoubtedly, Mexico's image will be strengthened."

Asked about the possibility of Pope John Paul II returning to Mexico, he replied:

[Jimenez] "There are no official plans for His Holiness to visit our country."

He added that President Zedillo has no plans of meeting with the Pope during his upcoming European tour.

Ambassador to the UK Andres Rozental said:

[Rozental] "Last year, the country's image abroad was that of a country with many economic problems. There is no question about that, we do have many problems, which we know have seriously affected Mexicans. However, I am sure that we are seen abroad as an important country that plays an important role in the international field."

Rozental added that investigations are underway on bank accounts owned by Raul Salinas de Gortari in the UK, but clarified that this does not reflect negatively on Mexico, but only on those involved. Regarding President Zedillo's visit to the UK at the end of January, he said that it is aimed at consolidating Mexico's presence in Europe.

Foreign Minister Views Need To Report Advances Abroad

PA0601152196 Mexico City NOTIMEX in Spanish
0427 GMT 5 Jan 96

[FBIS Translated Text] Mexico City, 4 Jan (NOTIMEX) — Mexican Foreign Secretary Jose Angel Gurria stated today that Mexican diplomacy faces the challenge of organizing an information system that will allow them to report abroad the country's advances in the economic, commercial, financial, and political spheres.

Interviewed after he headed to an event to pay homage to emeritus Ambassador Rafael de la Colina, Gurria pointed out that the solutions given by government and society must be modified so that they can have an effect in the foreign sector as the conditions change.

At the Foreign Ministry, the official admitted that one of the main challenges for Mexican diplomacy during 1996 will be to organize the diplomatic offices abroad — 70 embassies and 70 consulates — so that they can explain the national reality.

The secretary stressed that "Mexico must be able to get its message through, to transmit the events occurring in the country, and to report the advances made in the economic, commercial, financial, and political spheres."

The head of Mexican diplomacy highlighted the importance of making sure that the international sector learns of the internal efforts "to get Mexico to be a lawful country, with a state of law, and of the efforts being made to modernize and improve our political structure."

He asserted that improvisations are no longer needed because the country already has recourses in all those sectors and, thus, they only have to find the best way to divulge this image abroad.

The organization of an information system that will transmit Mexico's reality to the world and promote and defend the country's interest abroad is a point of vital importance in the Foreign Secretariat's new agenda, he noted.

Gurria set as an example the development of the dialogue in Chiapas state (southeastern Mexico) "in which we have advanced enormously."

However, he said, we have not always been able to disclose this advancement abroad or how the Mexican Government, congress, and society have turned this problem, which arose at the beginning of 1984 (date as received), into a very productive and useful political dialogue.

He explained that to further this objective he had met with 65 chiefs of diplomatic missions abroad, ambassadors, and consuls at the Foreign Secretariat headquarters. This is the ninth annual meeting of this type.

The official observed that he expected not only to give Mexican diplomats an update on the national situation but also to provide them with enough information, figures, and documents to allow them to do a better job at their respective foreign missions.

Gurria highlighted that an important number of the presentations made to the diplomats were centered on

explaining the economic policies and the government political reforms.

The meeting with the diplomats was also attended by officials from the secretariats of finance, commerce, energy, transport, tourism, and government, as well as from the Attorney General's Office, who explained the current situation in Mexico.

At the same time, ambassadors and consuls presented to the officials the Mexican issues that trigger the greatest concern abroad so they can be included in the work agenda for 1996, Gurria reported.

Among the diplomats who attended the meeting were: Jesus Silva Herzog, Guillermo Jimenez Morales, Guillermo Cosio Vidaurri, Sandra Puentes, and former Mexican Foreign Secretary Bernardo Sepulveda.

Zedillo Comments on Economic Program for 1996
PA0501165696 Mexico City XEW Television Network Spanish 0400 GMT 5 Jan 96

[Speech by President Ernesto Zedillo to government secretaries, department heads, and parastate enterprise directors at Los Pinos presidential residence on 4 January — recorded]

[FBIS Translated Text] Ladies and gentlemen of the cabinet: I have called you to this our first working meeting of 1996 to reaffirm the main objectives of the government's actions for the year we have started.

The year 1996 will mark the beginning of the economic recovery. This year, we will improve the economy again, increase the number of available jobs again, and reduce inflation. We will make the economic recovery start being observed in the people's daily lives, families, and enterprises. These wishes are not just good ones. We will succeed, because the causes of the crisis that broke out in late 1994 were corrected in 1995 thanks to the determination, effort, and perseverance of all the Mexican people. We will attain the recovery by strictly fulfilling the economic program outlined for 1996. The program preserves the monetary and fiscal discipline, makes the structural transformation of the economy more efficient, and provides incentives for private investment, the creation of jobs, and the training of workers. The program also includes a moderate expansion of public investment and will make it possible to lower interest rates and a more stable development of the Mexican currency's rate of exchange.

The 1996 budget attaches a higher priority status to social expenditures. This will make it possible to give impetus to the programs with a view to the country's most valuable asset—its men, women, children, young people, families, and communities. This

year, we will speed up education, health, nutrition, and supply programs, as well as potable water and other basic services. In addition, rural development, assistance to Indian communities, and the struggle against poverty will be given special attention. Not only will we spend more in these areas, but we will progress in the implementation of a genuinely integrated, participative, and federalist social development policy.

This year should be one of great impetus to the new federalism we are determined to build. Personally, I will follow up very carefully the fulfillment of decentralization programs in progress in various institutions of the federal government. Economic recovery and social development should be based on a fully democratic life. We held legal, peaceful, and highly competitive elections in various states last year. These elections are beginning to respond to the Mexican people's true political culture, to bring us closer to the democratic normalcy we desire, and confirm no one loses in democracy. Mexico wins. We will give impetus to the state reform based on this genuine, democratic culture and willingness for dialogue and negotiation of parties and political forces.

The state reform will be nourished by pluralism, civility, and respect, all of which should mark a thorough democratic development. Full democracy can be the political face of a social life grounded in law and enriched by dialogue. Law and dialogue give certainty to social coexistence, strengthen the nation's essential unity, and encourage the people's confidence and participation. The people are demanding, with good reason, to live in a country where law and justice are enforced on everyone, without exceptions or impunity. We will make a much greater effort to combat public insecurity and corruption for this reason; also for this reason we will contribute to the construction of a Mexico of law and justice in which people and families can live safely and where property can be protected.

The first ones to comply with their task of building this rightful country should be the government as a whole and each public official as an individual. We must work hard and honor our greatest responsibility; that is, serving the people who have placed their trust in us. We must work hard, invariably respecting the law and public resources. We must observe strict discipline and austerity.

Public officials should always be an example of honesty, foresight, and respect. Abuse and arrogance cannot be tolerated in a republican government. Arbitrary excesses for the sake of security are absolutely unacceptable, as they irritate and offend the people. Each one of you is responsible for his public behavior and that of his assistants. Each one of us has the responsibility

of making public service more dignified, demonstrating day after day that the faults of a few are the exception and not the rule.

I affirm today that I will be the first one to observe that my assistants will truly serve the people, will serve the Mexicans in an honest and humble manner, always complying with the law without seeking personal praise or betraying the people's confidence. Responsibility within public service is not restricted to serving with honesty. It is necessary to work day after day so that the government's actions will benefit the greatest number of Mexicans, regardless of political choice; likewise, holding public positions always entails listening to the people and learning from them, always seeking results but not recognition.

Public officials should defend their viewpoints and should always be available, listening and considering the ideas of others. We must always work hard, aware of the fact that public positions entail an obligation to report on our actions in a punctual and true manner. It entails the responsibility of being subject to the people's investigation, and we must behave in a respectful manner, even with those who criticize us.

If we want to be judged for the facts and not for what is being said, we must always report on our actions and practice what we preach. We have great tasks ahead in 1996. We are going to tackle them in an earnest, determined, and devoted manner. I urge you to concentrate all your time and efforts to the service of the people of Mexico. This is our duty and commitment, and we are going to comply with it. Thank you very much.

Chuayffet, Gurria Update Ambassadors on Chiapas
PA0601195196 Mexico City LA JORNADA
in Spanish 5 Jan 96 p 9

[Report by David Aponte and Salvador Guerrero]

[FBIS Translated Text] Government Secretary Emilio Chuayffet has told 65 Mexican ambassadors and consuls that the federal government is seeking a political solution in Chiapas and a "dignified, respectful, and lasting" peace agreement for the two sides. Chuayffet affirmed that there will be only one path in Chiapas: dialogue.

Foreign Relations Secretary Jose Angel Gurria said that "there has been much progress in the Chiapas issue." However, Mexican diplomats have not always been able to transmit outside of Mexico the significant progress in the political dialogue.

During the first meeting held by a government secretary with those responsible for Mexico's foreign policy and the heads of accredited missions in the exterior,

Chuayffet focused his slightly over 30-minute exposition on three issues: his achievement in the government secretariat's office, the development of the political and state reforms, and the situation in Chiapas.

Regarding the last issue, Chuayffet indicated that President Ernesto Zedillo is "committed" to seeking a political solution to the conflict which began on 1 January 1994. Chuayffet confirmed that there would be no other path but dialogue.

Following the instructions of the president, the government secretariat will seek "a concerted solution and a dignified, respectable, and lasting peace agreement," for the government and the Zapatist National Liberation Army [EZLN].

In his speech during lunch at the Foreign Relations Secretariat (SRE) building, Chuayffet did not mention a deadline for a peaceful solution nor any prospect regarding the length of the negotiations in San Andres Larrainzar.

Nevertheless, Chuayffet stressed that government representatives and the EZLN delegates have already begun talks on specific issues, which will allow greater progress toward a political solution. The situation "will offer the nation very good perspectives in 1996," Chuayffet predicted.

Chuayffet added that the current administration has the will and interest to solve the nation's most significant problems through dialogue. Mexican diplomats applauded for a long time the man responsible for Mexico's internal policy.

According to a government secretariat document, the government secretariat's priorities for 1996 are: the solution of the conflict in Chiapas, and the conclusion of the political and state reform process.

Chuayffet has given instructions to his principal supporters to contribute in achieving the two goals. The two projects were defined in 1995 with the approval of the law to promote a peaceful solution to the Chiapas conflict and with the definition of the agenda for political reform agreed upon between the different political parties and the president.

At the conclusion of the working session with the diplomats, SRE chief Jose Angel Gurria said that there had been very significant progress in the negotiations in Chiapas due to a general agreement between Congress, the political parties, and society in general.

"These are all very positive signs which our Mexican representatives abroad now share and can transmit abroad. Chiapas is an issue in which enormous progress

has been made. However, we have not always been able to transmit abroad this significant progress and the way in which the government and Mexican society has changed this principle-based issue into a very useful political dialogue," Chuayffet added.

The 65 Mexican ambassadors and consuls held working sessions yesterday with high-ranking officials of the Government, Finance and Public Credit, Commerce and Industrial Development, and Tourism Secretariats, and with Rafael Estrada Samano, the deputy attorney general for legal affairs.

Gurria explained that the purpose of the 9th meeting between the heads of foreign missions and President Zedillo's cabinet officials was to "update" the diplomats regarding Mexico's economic and political background so that they might have relevant information regarding Mexico's reality to transmit abroad.

EZLN Reaffirms Commitment Regarding Discussion Topics

PA0601233796 Mexico City XEW Television Network in Spanish 0400 GMT 6 Jan 96

[Telephone report by Juan Sebastian Solis from San Cristobal de las Casas, Chiapas State from the "24 Hours" newscast — live]

[FBIS Translated Text] At a news conference moments ago Commander Tacho of the EZLN [Zapatist National Liberation Army] reaffirmed a commitment that the EZLN made in a document it signed along with the Harmony and Peace Commission [Cocopa] on 15 December 1995. The document specified that Cocopa will bring the results of an ongoing forum to the Congress of the Union for discussion and evaluation.

The EZLN delegation claimed it had ruled out the possibility of including new topics in the peace dialogue that will take place on 10 January in San Andres Larrainzar.

Costa Rica

Kidnappers of 2 European Women Threaten To Blow Up Dam

PA0901195996 Panama City ACAN in Spanish
1901 GMT 9 Jan 96

[FBIS Translated Text] San Jose, 9 Jan (ACAN-EFE) — The alleged kidnapers of a German and a Swiss woman threatened today to blow up the country's largest hydroelectric dam if the government does not meet several of their demands, including a \$1 million ransom.

In a call to Channel Seven's "Telenews," a voice identifying itself as a member of the kidnapers' gang, said that they have the conditions and the people to blow up the Arenal dam, 130 kms north of San Jose, which is close to the site where the women were abducted.

"We have everything ready to take this pressure tactic," said that caller, who did not conceal his Nicaraguan accent and on several occasions tried to show he was not Costa Rican by saying that they should help that country against the "bad" government it has.

"We want the government to listen to us. The country is in bad shape as it is," said the alleged member of the kidnapping commando unit, adding "this is no joke."

His warning about blowing up the dam is to make the government listen to them.

This is the second warning the kidnapers have made about conducting acts of terrorism if the government does not meet their demand.

In a previous communication, released on Thursday, they threatened to blow up bridges and pylons and to take reprisals against a "U.S. family" if the authorities did not agree to their demands.

Swiss citizen Susana Sigfrid, 50, and German citizen Nicola Fleuchaus, 24, were kidnapped north of Costa Rica close to the border with Nicaragua on 1 January. So far, the whereabouts of the hostages and their captors are unknown.

El Salvador

Minister Comments on Mickey Kantor's Announcement

PA0701234096 San Salvador LA PRENSA GRAFICA
in Spanish 6 Jan 96 p 13A

[FBIS Translated Excerpt] A new promise to give the Central American and Caribbean textile industries a tariff treatment similar to that given to Mexico was announced yesterday by U.S. Trade Representative Mickey Kantor. [passage omitted]

Although Economic Minister Eduardo Zablah expressed he was satisfied with the announcement made by the U.S. trade representative, Zablah said that the laws have always existed, but the problem has been with the two chambers (the House of Representatives and the Senate).

Zablah added that the announcement is not a guarantee of the approval or acceptance of parity. However, Zablah believes "he has the firm support of the U.S. Commerce Department." [passage omitted]

Minister Zablah said "he hopes it is true," because the effort to achieve parity continues.

Presidential petition

After the Summit of the Central American Presidents in December, the presidents sent a letter to President Bill Clinton asking for parity in textile industry because that industry creates jobs for 500,000 workers in the region, and is a significant source of currency for our countries.

It appears that President Clinton took the letter in earnest because he encouraged a new movement for parity in the United States, which intensified in November, when a delegation of U.S. union leaders and officials visited El Salvador to verify the industries' compliance with the assembly plant [maquileras] labor laws. [passage omitted]

Employees of Public Works Ministry Occupy Cathedral

FMLN Justifies Cathedral's Takeover

PA0601001296 San Salvador Radio Cadena YSU
in Spanish 1800 GMT 5 Jan 96

[Report by Douglas Mejia from the "YSU Radio News" newscast — passages within quotation marks recorded]

[FBIS Translated Text] The FMLN [Farabundo Marti National Liberation Front] said on Friday that the Metropolitan Cathedral's takeover by Public Works Ministry employees on Thursday morning was a logical action.

FMLN Coordinator General Leonel Gonzalez said the takeover of the country's main Catholic temple is a result of irregularities in the implementation of Decree 471.

[Gonzalez] "Referring to the cathedral's takeover, we endorse a solution as soon as [18-second break in reception]. This will allow a solution [11-second break in reception] pope's arrival so a prompt and quick solution should be sought. We believe a solution is possible if there are jobs that were assigned by the

Legislative Assembly they should be given to these persons who have been fired from all the ministries."

Gonzalez said desperation led the working class to adopt this type of measure.

[Gonzalez] "The government's actions [nine-second break in reception]. The government is stubbornly trying to weaken the labor unions. The most appropriate step would have been to grant an extension, as requested by all the opposition parties, to analyze the 5,000 jobs issue in a responsible manner. Since this was not done, the measure has affected more than 4,000 workers, who do not want to leave their jobs. That causes desperation and desperation is what compels the workers to carry out this type of measure, which we believe is the workers' reaction to the desperate situation they face."

San Salvador Archbishop Fernando Saenz Lacalle asked the workers to leave the church so repairs to the cathedral may continue. The government has criticized the takeover so soon before Pope John Paul II's 10-hour visit, scheduled for 8 February.

Cathedral Still Occupied by Public Workers

PA0501221896 San Salvador Canal Doce Television
in Spanish 1830 GMT 5 Jan 96

[From the "Up-to-Date Newscast"]

[FBIS Translated Text] The Metropolitan Cathedral is still occupied by dismissed public workers who arrived at the church yesterday. The situation is calm for the time being because the workers are following the negotiations currently being conducted by labor leaders at the Legislative Assembly.

The National Police maintains a security cordon outside the Catholic church, but there are no Riot Police members. The workers, some of whom are on a hunger strike, say they will not leave the church until they are reinstated in their jobs.

The state bloc leaders are conducting negotiations at the Legislative Assembly for the reinstatement of approximately 2,000 persons who were dismissed following the implementation of Decree 471.

San Salvador Archbishop Fernando Saenz Lacalle said yesterday that he disagrees with the cathedral's occupation because this delays work being carried out to prepare the church for Pope John Paul II's visit on 8 February.

Legislative Assembly Approves Reforms on Banking Law

PA0601022496 San Salvador LA PRENSA GRAFICA
in Spanish 23 Dec 95 p 3A

[Report by Bernardo Valiente]

[FBIS Translated Text] The Legislative Assembly has approved major reforms to the Law on Banks and Finance Companies so as to establish the conditions that will allow a sound, efficient, and competitive financial system. These modifications range from protecting the interests of depositors to authorizing foreign banks to set up operations in the country.

The approval was issued by the Legislative Assembly's Finance Commission, stressing what they dubbed "democratization of credit" among the leading reforms.

The democratization of credit refers to the regulation on "relationship credits" (creditos relacionados), that is, the banks will no longer have 50 percent of the capital at their disposal to make loans to individuals or corporations related directly or indirectly to the ownership or the management of the institution (spouses or relatives in the second degree of consanguinity or first degree by marriage). This type of loans will be limited to 15 percent, which will allow the bank to lend a larger amount of money to private individuals.

The legislators explained that when the banks were nationalized, the law stipulated that if a person had taken a second mortgage with a bank and the same person had a first mortgage with a private individual, that person had to pay the bank first and then, other creditors, because the state could not lose.

The approved reform indicates that since the banks are currently private institutions, it is necessary for the bankers to be on an equal footing with other businessmen. Therefore, from now on, the first mortgage that reaches the Registry will be paid first, the second one to arrive will be paid with the remaining money, and so on, provided that there is enough money to make the payments.

In addition, international banks will be allowed to invest in the country. The Finance Commission deemed this aspect to be extremely important as free competition could be beneficial because, at any moment, interest rates could decrease in keeping with the conditions of supply and demand.

Prior to these reforms, a foreign bank was only authorized to invest 1 percent, which did not seem alluring to anyone, especially because international banks are large. These reforms will enable international banks to install branches in the country as long as they are prudently

regulated and supervised, in keeping with international and domestic regulations and with the previous authorization of the Financial System Superintendency.

The legislators agreed that the amount of a bank's paid-in capital shall not be less than 50 million colones while that of a finance company shall not be less than 25 million. They are aware that these amounts will rein in the emergence of small lending institutions. However, they believe that it is necessary to protect the interests of the depositors and ensure that the ownership and management of the banks and finance companies will remain in the hands of highly honorable and responsible people.

Guatemala

Two U.S. Citizens Said Killed in Solola Department
PA0801184196 *Guatemala City Cadena de Emisoras Unidas in Spanish 1819 GMT 8 Jan 96*

[FBIS Translated Text] Two U.S. tourists were murdered last night on the public beach of Panajachel, Solola Department. The first reports indicate that the victims died after being shot by unidentified individuals when they were on the beach. One of them has been fully identified; her name is Lucinda Bousquet, 28 years of age. There is still doubt as to the identity of the second victim.

Volunteer firemen appeared at the scene and, after receiving the order from a judge, transferred the bodies to the morgue of Solola National Hospital.

Meanwhile, police authorities stated that investigations to determine the identity of the killers are being carried out. It has not been ruled out that this incident may be connected to robbery but no further information is available, National Police officers affirmed.

[Paris AFP in Spanish at 1726 GMT on 8 January in a similar Guatemala City-dated report adds: "Two U.S. citizens, Lucinda Bousquet, 50, and Ann Jahern, 25, were murdered in the vicinity of Atitlan Lake in Guatemala, a police officer from the area reported this Monday.

["The bodies of the two women were found Sunday evening on Panajachel beach, on Atitlan Lake, a place commonly visited by foreign tourists, and it is believed the motive for the crime was robbery, said Julio Melendez, police officer from Solola, located approximately 75 km west of Guatemala City."]

President Decries Attack on Jennifer Harbury's Lawyer

PA0901162296 *Guatemala City SIGLO VEINTIUNO in Spanish 7 Jan 96 p 8*

[FBIS Translated Text] Guatemalan President Ramiro de Leon Carpio yesterday condemned the attack on Jose Pertierra in Washington and said *attributing the attack to the Guatemalan Army shows a lack of responsibility*. Pertierra is U.S. citizen Jennifer Harbury's lawyer.

De Leon said it is not the first time terrorist attacks have taken place in the United States; therefore, accusations should not be made until after investigations are made and until evidence is obtained.

Guatemala is being involved because we are talking about a lawyer who is in charge of Mrs. Harbury's defense, but as long as evidence is not obtained it is unfair and irresponsible to accuse our country's army, he said.

The president said he condemns the attack as he would do any other terrorist attack in any part of the planet and said he was pleased to learn that no one was hurt.

Army Denies Role in Attack on Jennifer Harbury's Lawyer

PA0601034096 *Mexico City NOTIMEX in Spanish 0257 GMT 6 Jan 96*

[FBIS Translated Excerpt] Guatemala City, 5 Jan (NOTIMEX) — The Guatemalan Army through its spokesman denied today any role in Friday's attack on Jose Pertierra, lawyer of U.S. citizen Jennifer Harbury, wife of a disappeared guerrilla leader.

Army soldiers had no role in that attack, Colonel Guillermo Caal Davila, chief of the Army's Information and Press Department (DIDE), added.

The military spokesman voiced his confidence that the Federal Bureau of Investigation (FBI) will find the perpetrators so they can be brought to justice.

In addition, Foreign Minister Alejandro Maldonado Aguirre said that the government is ready to cooperate with the FBI or other investigative agencies to help clarify the attack.

"They can request any kind of assistance from our authorities, because we are going to cooperate," he affirmed.

The military spokesman and the foreign minister were thus reacting to the attack, which according to reports known here stated that an incendiary bomb was placed on Pertierra's car in Washington.

Pertierra believes that the Guatemalan Army is the only one that can carry out action of this nature, because it is afraid that its interests are being hurt by the discovery of massacres carried out in the past, the report stated.

Col. Caal Davila stated the Army is accused of human rights violations but the veracity of any of those charges has never been proved.

"The Army has allowed Harbury to file legal complaints and even hold demonstrations wherever she deemed appropriate, showing that the Army has a respect for people," the military spokesman said. [passage omitted]

Arzu Comments on Jennifer Harbury 'Opinions'

PA0901160596 Guatemala City Cadena de Emisoras Unidas in Spanish 1445 GMT 9 Jan 96

[Report by Donald Gonzalez]

[FBIS Translated Text] Jennifer Harbury continues searching for Efraim Bamaca, her alleged husband. When we asked Alvaro Arzu about this issue, he said:

[Begin Arzu recording] I would not like to comment on Mrs. Harbury's statements, but I would like to ask her not to anticipate her opinions. We know what we have to do in our country, and we are going to do it. [applause] [end recording]

During a news conference, Alvaro Arzu referred to the issue, and even the international reporters applauded his statement on Jennifer Harbury. This is part of what was said about the rebels and the peace talks:

[Begin Arzu recording, in progress] ...long time ago of the Guatemalans and that that is not like that. Much of the violence that is taking place in Guatemala is the result of actions committed by foreigners, such as narcotics traffickers. As you well know, this is not something inborn in Guatemalans, but is the product of foreign influence, it comes from abroad. There is trafficking of all sorts, even trafficking of persons, and so forth. I would like to begin by saying that I do not accept that Guatemala can be described as a country that has a culture of violence. I do not believe that is the case. On the contrary, we Guatemalans are peaceful people, but unfortunately we have been under the influence of the outside world, which is coming closer all the time. This has resulted in problems and confrontations that we regret today. We want to cope with this in a strong and firm manner so that this will come to an end.

I am not familiar with the case of those two U.S. tourists, but I am going to investigate it thoroughly, because the government wants to promote tourism. Guatemala has great spots for tourism, and we want to provide tourists

with tranquillity and recreation, all within a cordial and peaceful atmosphere. [end recording]

Alvaro Arzu said that special protection will be provided to tourists, and that the peace agreement with the URNG [Guatemalan National Revolutionary Unity] will be signed within the next seven months, or at least that is what he expects.

Officials Comment on U.S. Request To Monitor Elections

De Leon Rejects Torricelli's Plan

PA0501223596 Panama City ACAN in Spanish 1946 GMT 5 Jan 96

[FBIS Translated Text] Guatemala City, 5 Jan (ACAN-EFE) — Guatemalan President Ramiro De Leon Carpio "categorically" rejected today U.S. Congressman Robert Torricelli's intention to monitor the runoff elections scheduled for Sunday.

"They should go home and monitor their own country, which needs it very much, because their society is in very bad shape; they should monitor corruption and drug consumption, and they should leave us alone," he said in a severe tone.

He warned "there is enough U.S. interference in our internal affairs without them coming now to monitor us; we will not allow this."

De Leon said that the U.S. Government can send observers to Sunday's elections to verify the voting just as it will be done by officials and representatives from Europe, Asia, and Latin America.

Torricelli, Democratic representative for New Jersey State, asked his country's congress to request that President Bill Clinton order the State Department to monitor Sunday's elections to guarantee that they are fair and democratic, and thus prevent more Guatemalans from immigrating to that nation.

Referring to this, De Leon said "Torricelli should worry about their critical problems; they have been involved in a serious problem for two months and this affects the world's economy."

"I categorically reject any interference," the president insisted after stating the congressman is involved in an electoral campaign and can afford the luxury of harassing Guatemala to get votes.

The president said any request from the United States to oversee the elections will be rejected because "there has been lots of interference that I rejected that was not considered a rebuke and so I was not ousted."

De Leon explained this is not a matter of attacking the United States, but, he emphasized, it has always intervened in Guatemala and all the world, sometimes in a political manner and sometimes in a nonpolitical manner, "and that is simply the truth."

"(The United States) is an extraterritorial power that helps us because it has an obligation, because we did not start the cold war but our people were the ones who got killed," he added.

The president, who will turn over power on 14 January to the candidate who is elected on Sunday, said "the surprising thing is that countries that have no responsibility to help us are now doing so."

He said that 30 percent of the international aid comes from Europe, 18 percent from Japan, and barely 5 percent from the United States.

The head of state reiterated that the United States has installed and removed governments in Latin America, supported military dictatorships, and imposed foreign commercial conditions in the past, "and that is no longer possible."

"When it is convenient for them they intervene in various areas and sometimes one does not know if they are friends or foes," the Guatemalan president said after emphasizing he accepted no pressure from the United States during his mandate.

Conservatives Alvaro Arzu, of the National Vanguard Party (PAN), and Alfonso Portillo, of the Guatemalan Republican Front (FRG) will vie for the presidency in Sunday's runoff elections, to which more than 3.7 million citizens have been called to participate.

Official Comments on 'Unsuitable' Request

PA0701153396 Guatemala City Cadena de Emisoras Unidas in Spanish 1324 GMT 7 Jan 96

[Report by Maria Teresa Lopez Lima]

[FBIS Translated Text] The electoral process began a few minutes ago in Sacatepequez. Human Rights Ombudsman Jose Mario Garcia has commented: The Supreme Electoral Tribunal [TSE] has ably organized this process in a very professional and legal manner.

Garcia has said preventive operations are in effect throughout the country so as to be on the alert for any citizen complaint about any political action that may take place. Regarding Torricelli's request that U.S. monitoring of the Guatemalan election be permitted, Garcia has said:

[Begin Garcia recording] Yes, U.S. Congressman Torricelli has made a statement requesting U.S. monitoring of

the Guatemalan election; this request is unsuitable. The citizens of each country have their own political rights, and this is part of a country's sovereignty. Electoral laws, procedures, and organizations are a responsibility of the legislation each country must forge sovereignly.

We have accepted in recent years the presence of international observers so they may follow up on the development of electoral processes, but we have not accepted any kind of foreign monitoring or intervention.

The function of the international observers is strictly limited to observing, as the word specifies, with no meddling, of course, in domestic affairs that are the concern of each country, in this case of Guatemalans; thus, this request is absolutely unnecessary. Besides, suggestions of fraud are completely negative, from all points of view. I totally discard the possibility of fraud. An electoral fraud is not possible because of all the mechanisms we have established in the TSE Law and in the Electoral Law in general. The electoral administration procedures, the participation of party representatives, and the entire electoral process established in the Electoral Law totally preclude the possibility of fraud.

This was one big victory of democracy in Latin America and in Central America this past decade: We reformed the legal and constitutional framework to prevent electoral fraud, evidence of which is that the opposition won in all the countries of this area in recent elections, even during the Sandinist regime in Nicaragua, where the U.S. Government was quite interested in the Sandinists not winning the elections and participated and intervened so much to overthrow the Sandinist regime in that country.

I insist on two things: first, that any attempt by any foreign government to intervene in Guatemala is totally unsuitable and must be definitely rejected by Guatemala and that domestically we must discard the idea of the possibility of fraud.

It is absolutely negative for political groups to speak about this possibility, because it cannot possibly happen. [end recording]

Garcia has said that the operations his office is conducting are the same carried out during past elections and that we have not received any complaint about it not being absolutely free and clean, adding: This is why we hope this point will be the case today also.

'Terrorists' Said To Throw Tacks Along Highways
PA0701155096 Guatemala City Cadena de Emisoras Unidas in Spanish 1400 GMT 7 Jan 96

[Report by Andres de Leon and Julieta Cardenas]

[FBIS Translated Text] [De Leon] Terrorists have thrown about a large number of tacks in the urban area, according to a police report. Municipal and voluntary firemen have been alerted that vehicles have sustained flat tires along most highways of the capital; therefore, drivers are advised to exercise caution.

This terrorist action was first reported at 0500 along the highway leading to the southern part of the capital as well as on Villa Canales, Villa Nueva, and the Roosevelt, Los Proceres, Aguilar Batres Highways, Marti Road, and the Jose Milla and Vidaurre Highway, municipal and voluntary firemen have reported. We now go to reporter Julieta Cardenas.

[Cardenas] We are here along the Liberacion Highway and are going to describe to you what the situation here is. Municipal workers are picking up tacks. Some vehicles have sustained flat tires. With us is a person who has been picking up tacks. What is your name?

[Unidentified speaker] My name is Juan. I am cooperating with Guatemala by removing these tacks thrown by people to prevent Guatemalans from voting; that is why we are here, to pick up the tacks thrown by these malevolent Guatemalans, because they should not behave like that.

[Cardenas] How long have you been picking up tacks?

[Speaker] We have been picking up tacks for two hours between Seventh and Fifth Avenues.

[Cardenas] Thank you very much. Are you municipal workers?

[Speaker] No, no. We are Guatemalan citizens who want the best for Guatemala and want to be allowed to vote.

[Cardenas] Thank you, Juan.

Well, you have heard it. This problem is one that is taking place to block traffic. Several people using brooms and without party identifications are helping clean streets and to ease traffic along the Liberacion Highway, on the lane to the Tecun Uman Monument.

Authorities Estimate Lower Turnout Than Nov Elections

PA0701191796 Panama City ACAN in Spanish 1703 GMT 7 Jan 96

[FBIS Translated Excerpt] Guatemala City, 7 Jan (ACAN-EFE) — Approximately 3.7 million

Guatemalans today will elect the president that will lead the country until the year 2000 between conservative candidates Alvaro Arzu and Alfonso Portillo. The election was preceded by violence, is being smeared by boycott actions, and citizens' apathy has been the keynote.

Voting began throughout the country at 0700 local time (1300 GMT) when the voting stations were opened and will end at 1800 local time (0000 GMT).

Analysts expect a very slight margin of votes between Arzu, of the National Vanguard Party (PAN), and Portillo, of the Guatemalan Republican Front (FRG). According to the most recent surveys, there was only a 6 percent difference between both candidates. [passage omitted]

Electoral authorities at some of the 6,348 polling tables distributed throughout the country have agreed in estimating a lower turnout than during the November elections, when abstention reached 53 percent. [passage omitted]

The National Police has received telephone calls warning of bombs placed in various parts of the capital, alarms which have been false so far.

During the past 72 hours, at least four murders contributed to an increase in the insecurity and uncertainty, making the climate for the election even gloomier.

A former leader of coffee producers, two activists of the leftist New Guatemalan Democratic Front (FDNG), and a leader of an association of taxi drivers were murdered this past weekend in the capital and the interior of the country under circumstances not yet clarified.

According to international observers who are in the country to verify the fairness of the election, the flow of voters is "calm," and it is expected that the number of people arriving at the polls will increase later during the day.

A low turnout is noticeable although public transportation in Guatemala City is free of charge thanks to an international donation of \$300,000 received by the Supreme Electoral Tribunal (TSE) and the municipal government as a subsidy.

TSE President Mario Guerra Roldan has guaranteed the openness of the election, which at least 200 international observers will verify.

According to Guerra, the results of the second round of elections could be known by midnight today.

The winning candidate will be sworn in on 14 January.

EU Observer Mission Concerned Over 'Scant' Voter Presence

PA0701225296 Panama City ACAN in Spanish
2120 GMT 7 Jan 96

[FBIS Translated Text] Guatemala City, 7 Jan (ACAN-EFE) — The EU's Electoral Observation Mission today expressed concern over the people's scant participation in the run-off election between Alvaro Arzu and Alfonso Portillo, both of them conservatives.

Italian-born Vittorino Allocco, EU Ambassador to Central America, told ACAN-EFE that until noon he had seen a small number of voters. He admitted, however, that the number could increase in the afternoon. "Our only concern is that not enough people will cast their votes," he said.

He referred to the importance of the Guatemalan people's vote as "a fundamental act" of democratic expression, particularly in Guatemala, where people need to recover confidence in their institutions.

Allocco underlined the credibility of the Supreme Electoral Tribunal and said he has "no doubts" that the elections will be "pure."

The EU observers' mission has deployed its 44 delegates in at least 16 of the country's 22 departments. "We are all very encouraged because we trust this transition and consolidation of the democratic system," he said.

Allocco voiced his hope that the new government, which should assume office next Sunday, will be able quickly to sign a peace agreement with the Guatemalan National Revolutionary Unity (URNG).

The government and URNG suspended their negotiations to put an end to 35 years of armed conflict, negotiations that opened in April 1991, while whoever wins these elections assumes office.

According to Allocco, peace means, not only signing a paper, but opening channels for the people's participation.

EU, OAS Observers Say Election 'Honest and Clean'

PA1001032896 Guatemala City PRENSA LIBRE
in Spanish 9 Jan 96 p 6

[FBIS Translated Text] The EU and OAS observer missions that witnessed the runoff elections yesterday [as published] have acknowledged separately that the election was honest and clean, and they both were sorry about the high rate of abstention registered during the event.

During the 7 January election for president and vice president, approximately 100 observers from the two organizations witnessed the electoral process, which National Vanguard Party candidate Alvaro Arzu won, at more than 250 voting centers located in 18 departments.

Vittorino Allocco, chief of the EU delegation, has said the runoff election, as a follow-up of the 12 November general elections, allowed them to verify respect for access to the voting centers and their identification, the satisfactory completion of polling board duties, and the tallying of the vote.

In addition, the casting of votes was guaranteed in a free and spontaneous manner, without incidents to tarnish the results of the process, the diplomat has said, stressing that the joint coordination with the UN Mission for Guatemala allowed them to successfully verify the election.

Ruben Perina, general coordinator of the OAS mission, in turn, voiced his concern during a news conference about the lack of civic education among the people, which became evident via a nationwide voter turnout rate of 37 percent.

According to Perina, the observers noticed that a significant number of citizens at most of the places visited had to vote in voting centers located far away from their homes, a point which resulted in a number of difficulties to obtain transportation to those sites.

Both factors may have deterred a stronger turnout, which was even smaller this time than during the first round, Perina has said.

Perina has acknowledged, however, that the runoff election was carried out in a climate of calm, honesty, and freedom and that they also verified its adequate organization and management by the electoral authorities. The OAS official, likewise, has spotlighted the Guatemalans' democratic spirit and their exemplary civic behavior. *The votes were freely and secretly cast, unalterable ink was used, the broadcasting of results was honest and quick, and the polling boards were duly formed and in place, Perina has said.*

'New' President Arzu Comments on Background, Career

PA0801153296 Guatemala City Cadena de Emisoras Unidas Spanish 1305 GMT 8 Jan 96

[Interview with "new" President Alvaro Arzu Irigoyen by reporter Julieta Cardenas; place not given; from the "News Patrol" newscast — live or recorded]

[FBIS Translated Text] [Cardenas] We have contacted the new president of the Republic, Alvaro Arzu

Irigoyen. He tells listeners of the "News Patrol" how he feels as a man, politician, spouse, and friend.

[Arzu] I am a very common man, a man of flesh and blood who does the right things and also makes mistakes. I am a common person who deeply loves his country, who has devoted 25 years of service to the fatherland, and who is willing to make more efforts in the next four years so that the Guatemalans will be able to live better.

[Cardenas] Where did you go to school, who were your friends, what were your favorite spots for recreation?

[Arzu] I earned average grades, I was not a brilliant student, but I was not a bad student, either. As a student, I shared with my friends my experiences, joys, frustrations, fears, and events we lived at that time. Those were more peaceful days at that time, more peaceful than the times most Guatemalans are experiencing today. Today, we are subject to fears, violence, and shortages. I went to school for 11 years at the Liceo Guatemala. At that time, we could still ride a bicycle to school and back home. I do not know how many kids today can ride a bicycle to school, without fear of being attacked or having their bikes stolen from them. Thus, those experiences, that daily life with my friends in the neighborhood, playing in the area around the race tracks in the northern area, all of that allows me today to know very well the Guatemalans, to know what are their wishes, aspirations, their kindness and their wrongdoing.

Now that we are about to end this century and begin a new one, I will try to leave our fatherland on the right track along the paths of the progress and development we all want.

[Cardenas] Most of the Guatemalan presidents have said they dreamed of being presidents from the time they were children. When did you first think about this idea, and what are you going to put into practice now that you are the president?

[Arzu] As a young man, I never thought I would be president of the Republic. That was a very far-fetched idea for me. This is the result of a national project that a group of that time, a group of youngsters, began. Now, we are no longer young, now we are mature men. This group decided to stop being mere observers of national life, of seeing how these traditional dinosaurs of politics were destroying our land and country, and we decided to participate in politics. We got organized, we created a civic committee, we won the Guatemala City mayor's elections, and we did a good job. Later on, we became a political party, and we have made it. We are not at the end of another page in our resume — which is the

least important — but we are about to see our endeavors and our aspirations become true so that we can make Guatemala a better fatherland for all Guatemalans. We want to put an end to the high rates of poverty, illiteracy, violence, unrest, and citizens' uncertainty. I repeat, it is not a wish to fill up a page in our personal resume, as that would be a very selfish attitude on my part. This is the achievement of a capable team that has engaged in actions and not just words and offers, and that has managed the resources of the Guatemalan people in a very honest manner.

[Cardenas] What are your urgent plans for the time being?

[Arzu] We must undoubtedly confront violence. We must confront violence with energy and determination, but without clandestine cemeteries, or grazed lands, or forces of hooded men. We must apply the law in a forceful manner, with determination. We must show the people...

[Cardenas, interrupting] With a special police force, as...

[Arzu, interrupting] Not at all, we must increase the number of policemen so that we can discourage both organized crime and common criminals. On the other hand, we must improve the economic situation of Guatemalans. Today, 60 percent of all Guatemalans live in extreme poverty and lack the essential services that do not allow them to live in a dignified manner. They need potable water; there is only one telephone per every 1,000 persons; only 30 to 40 percent of the Guatemalans have electricity in the rural areas. Therefore, we must overcome these dramatic statistics. This is a hard task, but we are determined to cope with it.

[Cardenas] That undoubtedly requires a consensus. How can this be achieved? Will you leave behind the dark campaigns that characterized the second electoral round?

[Arzu] There comes a time when one must forget about the past — regardless of how painful — and look into the future, because if we continue to live in the past we risk losing the future, and this would be a true tragedy. We must look forward, with a positive attitude and creativity knowing that we can build a better Guatemala.

[Cardenas] What is Alvaro Arzu's favorite food? Anything special?

[Arzu] No, the truth is that...[pauses] I like a typical dish called (subanic), I do not know whether you have heard about it. It is from San Martin Jilotepeque. Every time I can I have them send me a dish from there. They cook it very well. I have not found anyone here in Guatemala

City who can cook it the way they do it there. I truly enjoy eating (subanic).

[Cardenas] How about music?

[Arzu] I am a calm man; I like soft music. I have not yet managed to understand modern music, especially the kind my children play. I like romantic music.

[Cardenas] How did you meet your wife and when?

[Arzu] We met at a meeting in which we were introduced. We liked each other. We got married two or three months later, and we are truly very happy. I was asked how often I argue with my wife, and the truth is that I do not remember when was the last time we did. I do not remember, honestly. I know that is somewhat incredible [laughs] because there are generally reasons for confrontations and discussions that are sometimes healthy, because they are ways for either one or the two spouses to vent their feelings. But no, in our case, we get along so well that I cannot tell you when was the last time I argued with my wife.

[Cardenas] How many persons make up your family?

[Arzu] Seven children and two and a half grandchildren, because another one is on the way.

[Cardenas] Do you remember all their names?

[Arzu] All of them.

[Cardenas] Could you introduce them?

[Arzu] I will go by age. They are Roberto, Diego, Maria Andrea, Maria, Mario Roberto, Alvarin or Alvarito — the one who will give me the most gray hairs — and Isabelita, who is the youngest. My grandchildren are Gero, Tian or Sebastian, and another one who is on the way, and we will have to think of a name.

[Cardenas] What are the plans to give women a role in your government?

[Arzu] They already have a role in our political party. It is a political party in which women are truly comfortable with their participation in politics. Evidence of this is that at present we have great leaders within the party who have held important posts. For example, Arabella Castro de Comparini and Juana Catinac Jete), who are truly extraordinary women, very cultured, with important professional degrees. This is important.

[Cardenas] Will they be on the cabinet?

[Arzu] Of course, Arabella Castro de Comparini will be education minister, God willing. She is a competent woman, a teacher, a lawyer. She is a woman who has demonstrated effectiveness and efficiency in public administration. I think that this is important.

[Cardenas] Most people, as students or as adults, have a leader; they admire different personalities. Is that your case?

[Arzu] Am I admired?

[Cardenas] No, do you admire anyone?

[Arzu] Yes, I admire many leaders. At the international level I can tell you that a truly admirable leader, and the world regretted his death, was Kennedy, for example. Bearing differences in mind, his background is very similar to that of our political group. Thus, he was an admirable leader.

I admire Pope John Paul II, whom I had the fortune of meeting. He is a magnetic leader. When he enters a room it is as if the sun also entered. Leaders have a special magnetism, and one can spot them among a million persons.

[Cardenas] Based on the current economic situation, do you think there will be a recession?

[Arzu] No, we will work hard to prevent this from happening. We are facing what is known as excessive liquidity in the system. Some people have described the situation as an economic dam, or a monetary bomb. I believe the term monetary bomb should not be used, as it would seem that it could explode anytime, which could create financial panic. No. We believe we can reach a consensus and reconcile the financial, monetary, exchange, and credit system in the country and achieve considerable economic stability.

In addition, we must create the necessary confidence to attract investment to the country. If there are no investments in Guatemala, if we continue investing in treasury bonds, (?Cedibacus), (?Fedepes) — that speculative economy that's here today and gone tomorrow — it would be tragic, because they do not generate jobs or work. It is simply an economy based on speculation. If there is instability, people rush to take their money out of the country.

Therefore, we must create the necessary confidence so that the money invested will not earn 17 or 18 percent interest, but 30 percent, but in industrial, commercial, or agricultural activities, which will generate jobs, wealth, and employment for Guatemalans. This can only be achieved through confidence.

On the contrary, a government that does not inspire confidence chases capital, which increases poverty, because there will be no work.

[Cardenas] People are worried about the 3-percent increase in the value added tax, VAT. Is there is a promise to lower this percentage on some products?

[Arzu] We have realized that we must lower the increase — from 7 to 10 percent — on family basket products and medicines. We are already drafting the bill to present it in the first days of our government, which will be installed on 14 January.

[Cardenas] Obviously, the runoff elections required hard work, and the campaign to get votes throughout the country was tiring. Will you take time to rest before beginning to work?

[Arzu] I really am tired. I feel exhausted right now. There is no time for rest, though. We must start working right away, just as we did in the municipal government. Without parties or protocol. There will only be the inaugural ceremony. The lights of the National Palace will be out the night following the inauguration. We will have no parties, and the following day we will start working immediately.

[Cardenas] Of all the responsibilities you will assume, which one do you think will be the most important?

[Arzu] The most important responsibility is investing in the Guatemalan people, investing in the Guatemalan men, women, children, especially those who need it the most. That is the most important responsibility. Guatemala is a good country, with good people. It only needs a good government, which it has never had. We want the Guatemalan people to have good government, a government that will care for women who have no support, single mothers, children abandoned in the streets. We must do this without false paternalism, giving them the opportunity to support themselves, but helping them and caring for the children from the time of conception. We must care for the children as soon as pregnancy begins.

We must struggle for responsible parenthood in fathers. One of the biggest and perhaps major problems the country has are fathers who abandon their children, fathers who produce kids everywhere and then leave them abandoned. I believe that the rupture of the family circle is perhaps one of the country's biggest problems. We must face this problem firmly and with determination.

[Cardenas] Health?

[Arzu] Health. Yes, definitely. We must expand health coverage in the country, and of course, improve its quality. Today there are 36 hospitals, more than 200 health centers, and 720 health posts. The medical attention, however, is awful. There is no medicine and no quick attention. We must revise the system of medical attention, the out-patient system, and pay doctors for each patient they see, and for each surgery they perform. Under the current system, it is possible

that doctors who earn a fixed salary in the Health Ministry are well paid if they perform one or 10 operations a month. If, however, they perform 20 operations a month, then obviously the salary would not be what they deserve. Therefore, we must pay them for each surgery, for each consultation, so they will give good services to their patients.

[Cardenas] Would this mean privatization?

[Arzu] Not at all. On the contrary, it means decentralization. It means paying them by the piece; in other words, those who perform more operations will be paid more. This will make more effective and efficient doctors, who will give better services. Nowadays, why is it that people do not go to the out-patient clinics? Because doctors are either not there, have left, are with one patient, or talking to another. Services are ineffective. Why do people prefer to go to private clinics? Because in those clinics doctors give them effective, efficient and timely attention, and even a smile. Right? Therefore, what we should do is pay them for the work they do.

[Cardenas] Thank you very much. We have interviewed President-elect Alvaro Arzu Irigoyen.

Newspaper Notes Reported Members of Arzu's Cabinet

PA1101044096 Guatemala City SIGLO VEINTIUNO
in Spanish 10 Jan 96 p 2

[FBIS Translated Text] Arabella Castro will be the new education minister. She is one of the founders of PAN [National Vanguard Party], a teacher, and a constitutionalist lawyer. She has been a deputy in two legislatures and was elected for the next one. She has presided over Congress.

Eduardo Stein will be the PAN government's foreign minister. He has worked for international organizations where he made a career at various levels.

Ricardo Stein has been mentioned, but not confirmed, as the new Copaz [Peace Commission] coordinator. He has worked for foreign organizations.

Hector Cifuentes Mendoza. Because he is the presidency secretary general, he is also close to the president-elect. He is legal adviser to Alvaro Arzu's commercial firms and has been secretary general of San Carlos University.

Marco Tulio Sosa Ramirez will be health minister. He is a businessman, deputy, and chemical engineer with a master's degree in business administration. He was general manager of the construction materials importing enterprise Ramirez' AP Construction. A man of influence in PAN, he has participated in the two previous legislatures.

Marco Antonio Gonzalez Taracena will be defense minister. He has an extensive military background and was a Copaz member until he was appointed minister.

Rodolfo Mendoza will be government minister. He is one of the architects of Arzu's image and has a long career in publicity and marketing.

Emilio Seca will be the executive secretary of the new government. He is a businessman and has been elected deputy to the Congress of the Republic in three consecutive elections.

Ricardo de la Torre Gimeno is one of the youngest faces in the PAN administration. He will be public relations secretary at the Presidency. He was spokesman in Arzu's municipal administration and also moves in the business sector.

Juan Mauricio Wurmser will head the Economy Ministry. He is former president of Tabacalera Nacional and has occupied executive positions in a successful fast food firm, is a CIG [Guatemalan Chamber of Industry] official and a former president of the Business Chamber.

Maria del Carmen de Valle is a close follower of Arzu as well as his private secretary. She was in charge of his preelectoral agenda and will be the new private secretary. She is married to Carlos Valle, a former legislator and deputy-elect to Parlacen [Central American Parliament].

Alfredo Guzman is a systems engineer and is to be appointed Guatel [Guatemalan Telecommunications Enterprise]. He worked at the protocol office of the Foreign Ministry during Serrano's administration. He gives Dale Carnegie speech and personal motivation courses. He was a deputy in the previous legislative and won a seat he will assume on the 14th.

Rodolfo Paiz Andrade is the next FIS [Social Investment Fund] director. He is a top DC [Christian Democratic Party] leader and was finance minister during Cerezo's administration. He promoted a fiscal amnesty that stopped the executive from collecting thousands of quetzales.

Alvaro Colon is the Fonapaz [National Fund for Peace] director and will continue with Arzu. He is an industrial engineer, former professor at the USAC [San Carlos University] and the URL [expansion unknown] and a GEXPRONT [Association of Exporters of Nontraditional Products] official.

Panama

Reports View Talks for Continued U.S. Military Presence

Minister: Talks Depend on Economic Study

PA0901210296 Panama City Telemetro Television Network in Spanish 1730 GMT 9 Jan 96

[Report by Jose Ivan Ramos; from the "Telemetro Reports" newscast]

[FBIS Translated Text] The exploratory conversations on the permanence of the U.S. military bases might begin in February. However, according to Panamanian Foreign Minister Gabriel Lewis Galindo, these talks will depend on an economic study.

According to Lewis Galindo, this time the national government has corrected the course and after consulting various groups — including the political parties — it will condition its final stand on the results of an economic study on the bases.

[Begin recording] [Lewis Galindo] We have entrusted economists Marcos Fernandez and Jose Galan Ponce to prepare a study on the advisability or inconvenience of the bases, from an economic point of view. This should be completed before the end of this month. Then, we will evaluate this study with all public and private sectors in order to adopt a stand.

[Unidentified reporter] Does this mean that Panama will once again take a proposal to the United States?

[Lewis Galindo] No, we are going to the United States with a thorough knowledge of what our benefits and inconveniences are from the U.S. presence here.

[Unidentified reporter] Does the economic issue continue to prevail over our relations?

[Lewis Galindo] It is an important factor. [end recording]

The foreign minister added that this is a national problem, and not his personal stand or that of President Perez Balladares.

[Begin Lewis Galindo recording] That is why we stopped... [pauses] so that we could make some consultations we had not made. We had to correct our course, and that is what we did. [end recording]

Lewis Galindo, who met with the members of the Panamanian Bishops' Conference, to whom he explained the government's plans to confront unemployment, concluded by saying that he is working on adjusting the dates for President Perez Balladares' trip to Europe,

slated for April. The president will visit four EU countries, seeking cooperation in the field of education.

Government Awaits Study Before Talks

PA0901220096 Panama City LA ESTRELLA DE PANAMA in Spanish 9 Jan 96 p A1

[Report by Jacqueline Clarke]

[FBIS Translated Excerpt] The study that will determine whether it is advisable or not to maintain U.S. military bases here beyond 2000 will be submitted at the end of the month, Foreign Minister Gabriel Lewis Galindo said yesterday and added that the church and the national government are fighting poverty.

"The exploratory talks will not begin until we have that study" drafted by economists Marcos Fernandez and Jose Galan Ponce, the foreign minister affirmed during a meeting with Catholic bishops.

The drafters of the study will consult with all influential forces of the country so that "we will take a Panamanian proposal" to the exploratory talks with the United States. [passage omitted]

Students Demonstrate Outside U.S. Base on Martyrs Day

PA0901195896 Panama City Telemetro Television Network in Spanish 1730 GMT 9 Jan 96

[Report by Julia Elena Alvear; from the "Telemetro Reports" newscast]

[FBIS Translated Text] Several ceremonies to mark the 9 January [1964] events today put the police authorities in a difficult situation when the students got as far as the fence around Quarry Heights military base.

There was tension on the slopes of Ancon Hill when student groups who were marching today to commemorate the 9 January events ran quickly toward the fence of Quarry Heights military base.

[Begin unidentified student recording, in progress] ...so that they will know there is youth here, a Panamanian people who will not allow any renegotiations, who will not allow their military presence on our territory beyond the year 2000. [end recording]

The students painted graffiti and shouted slogans against the possible negotiations of the military bases. The U.S. troops then placed barbed wire in the area while the riot squad of the National Police stood between the fence and the students.

There were no further incidents, and the students then went to Amador Cemetery where the ceremonies to mark the 9 January events concluded.

Meanwhile, relatives, friends, and persons who witnessed the 9 January events went to the Jardin de Paz Cemetery where they listened to a homily by Father Conrado Sanjur who spoke about keeping alive the memories of these heroes of the fatherland.

[Begin Labor Ministry Secretary General Reinaldo Rivera recording] We must remember our martyrs. We must teach our children the value of the sacrifice by our martyrs' for their ideals, which are the ideals the Panamanian people should never forget. I think that this is what we must remember on an occasion like today, so it will not be said that the Panamanian people have no political awareness. [end recording]

Student Group: Continued U.S. Presence To Bring 'More Grief'

PA0901220296 Panama City EL PANAMA AMERICA in Spanish 9 Jan 96 p 1a

[Report by Aquilino Ortega Luna]

[FBIS Translated Text] The Committee for the Defense of the Fatherland and the Rescue of the Sovereignty yesterday said that a U.S. military presence beyond the year 2000 would mean more grief and pain for Panamanians and would deny us the right to a future as a "free and sovereign" country.

The statement was made by the aforementioned university student's organization during the commemoration of the 32d anniversary of Martyrs Day.

The committee said Panamanians have the responsibility to continue the struggle to free the country of foreign troops, which have harassed Panama for more than half a century.

The goal of foreign troops has always been to destroy national identity in order to wipe out aspirations of "total sovereignty and social justice."

University of Panama Dean Gustavo Garcia De Paredes defined Martyrs Day as one of the most admirable and lofty events in the history of Panama.

"It is important for university students to preserve the memory of this historical event during which the University of Panama played an important role," Garcia De Paredes said.

Garcia De Paredes added that 9 January 1964 is a date that should be sacred for today's Panamanians.

"Let us have the courage, strength, and vocation to continue the legacy of the heroes who at that time defended the country, sovereignty, fatherland, and nation with their own lives," he noted.

Activities to commemorate Martyrs Day will be held today at the Ascanio Arosemena Plaza at 0800. After the political and cultural segment, various groups will march to Amador Cemetery.

On January 1964, students and Panamanians confronted U.S. troops.

Labor Ministry To Probe Companies Dealing With U.S. Army

PA0901014696 Panama City EL PANAMA AMERICA in Spanish 8 Jan 96 p E-12

[Report by Carlos Anel Cordero]

[FSIS Translated Text] Mario Archer, Local 907 Union secretary general, has reported that the Labor Ministry will investigate some 80 Panamanian companies that have signed contracts with the U.S. Army and that violate labor regulations.

According to the workers' leader, based on reports this union has filed, labor authorities will start investigating to determine the manner in which these companies operate. He explained that, in 1995, more than 80

Panamanian companies signed various contracts with the U.S. Army amounting to \$13.6 million.

Archer pointed out that more than 60 percent of these companies fail to pay a salary and, in addition, fail to acknowledge the labor benefits they must pay to workers.

These companies not only fail to acknowledge labor benefits, but also deceive the public treasury, because they do not pay the corresponding taxes. He added that the Workers-Employers Council that was created at the military bases to resolve this type of problems will meet this week with Labor Ministry authorities in an effort to know firsthand of the reports filed.

According to the union leader, current labor regulations stipulate that the minimum salary for workers offering their services to the Army is 2.90 balboas per hour. In many cases, the companies that receive huge amounts of money for their services pay the workers 94 cents an hour. This wage is in effect in Panama but does not apply to companies offering their services to North Americans.

Argentina

Army's Balza on Arms to Croatia, Peacekeeping Role

PY0901023896 Buenos Aires TELAM in Spanish
1431 GMT 8 Jan 96

[FBIS Translated Text] Buenos Aires, 8 Jan (TELAM) — Lieutenant General Martin Balza, the Army chief of staff, today denied having said that the reason why Serbs have objected to the dispatch of an Argentine contingent to join UN peacekeeping forces in the former Yugoslavia is due to an alleged sale of weapons to Croatia on the part of Argentina.

Lt. Gen. Balza, speaking on Radio del Plata, said: "I have never talked about a sale of weapons because that falls totally outside the jurisdiction of the Army chief of staff."

Lt. Gen. Balza was taken aback by an article published today in the newspaper CLARIN in which he is quoted as acknowledging that the alleged transaction could account for one of the objections to the presence of Argentine servicemen in Eastern Slavonia.

The Army chief of staff declared that "first and foremost, one should have to prove that there has been an arms sale to Croatia. I do not have a confirmation of this, except for the press report. I am, therefore, surprised at the article published in today's CLARIN."

In reply to a question about whether Serb authorities had raised any objections to the participation of Argentines in UN peacekeeping missions, Lt. Gen. Balza said categorically: "No, they did not."

The Army chief of staff underscored: "What I did receive from some Serbian military and civilian authorities was their total concurrence on and high opinion of the efficiency, negotiating ability, and balance of Argentine personnel."

Another question put to Lt. Gen. Balza concerned a letter that General Bernard Janvier, the commander of the UN peacekeeping forces in the former Yugoslavia, supposedly sent to UN Secretary General Butrus Ghali in which he advised against the sending of an Argentine contingent to the Balkans given the alleged "animosity" toward the previous contingent on the part of the Serbs.

Lt. Gen. Balza replied: "It may possibly refer to the stance adopted by the Serbs who were not with us in Western Slavonia."

To that effect, the Army chief of staff recalled that when an Argentine Army battalion that was in Western Slavonia "was going to be transferred to Knin [a

town in East Croatia], the Serbs requested that other nationalities' battalions be sent there for the simple reason that they had not met the Argentines. That was all."

Asked whether the Menem administration had instructed Emilio Cardenas, the Argentine ambassador before the United Nations, to start negotiations with the United States and the United Kingdom so that they may support the dispatch of Argentine troops to Eastern Slavonia, the Army chief of staff answered: "I haven't got a clue; that is something totally outside my scope as Army chief of staff."

In concluding, Lt. Gen. Balza said: "That is a foreign policy issue that is being handled by the Foreign and Defense Ministries."

Government Recognizes Independence of Macedonia

PY0501201396 Buenos Aires CLARIN in Spanish
5 Jan 96 p 4

[FBIS Translated Text] Argentina yesterday recognized — through an executive branch decree — the former Yugoslav Republic of Macedonia as a free and independent state.

The Foreign Ministry also announced the beginning of negotiations to establish diplomatic relations with that nation, which is already a UN member.

In 1991 Macedonia became the fourth state that left the former Yugoslavia after Slovenia, Croatia, and Bosnia-Herzegovina.

Macedonia has a population of 2.1 million inhabitants, an area of 24,000 sq km, and it is currently trying to solve its differences with Greece with respect to the use of the country's name and national symbols.

Palestinian National Authority Granted Diplomatic Status

PY1001204296 Madrid EFE in Spanish
1358 GMT 10 Jan 96

[All names as received]

[FBIS Translated Text] Buenos Aires, 10 Jan (EFE) — It was reported today that the Argentine Government has granted the Palestinian National Authority (PNA) mission in Buenos Aires the diplomatic status of "representation."

Argentine Foreign Ministry sources explained that the status of "representation," the lowest under diplomatic rules, was granted on 5 January and does not involve recognition of the Palestinian state.

Suhail Hani Daher Akel, the PNA representative in Buenos Aires, told journalists: "This represents the start of a new period of cultural, social, and economic relations."

Akel said he hoped Argentine authorities "would enhance the diplomatic status" of the PLO "in keeping with the peace process initiated with Israel."

Akel emphasized that "it is very possible" that Argentina will open a diplomatic mission in Palestine. This possibility has not been ruled out by local authorities.

In conclusion, Akel said PLO leader Yasir 'Arafat would visit Argentina "sometime this year."

Menem: No Problems With Chile Over Borders
PY1001204196 Buenos Aires TELAM in Spanish
1201 GMT 10 Jan 96

[FBIS, Translated Text] Buenos Aires 10 Jan (TELAM) — Referring to the situation that has arisen over the possible construction of a Chilean Air Force base in the continental glacier sector of Chile, President Carlos Menem today maintained that "Chile and Argentina have no problems" regarding borders.

In a chat with journalists accredited to Government House, Menem reiterated that "there are no problems with Chile," and highlighted the "fluidity of the bilateral relations, which are centered on aspects like the economic sector," referring to Chilean investments in Argentina.

Chilean Base in Continental Glaciers
'Inappropriate'

PY0801163896 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1336 GMT 8 Jan 96

[FBIS Translated Text] Buenos Aires, 8 Jan (NA) — Argentine Defense Minister Oscar Camilion described as "inappropriate" the construction of a Chilean Air Force base in the Continental Glaciers area in Patagonia, the only contentious point on the Argentine-Chilean border.

It was leaked that during the past cabinet meeting, the defense minister raised the Armed Forces' concern over the construction project, about which the government of Eduardo Frei has not yet officially notified Argentina.

Camilion indicated: "The Continental Glaciers is a contentious area, the only one that must still be defined on the extensive Argentine-Chilean border. Any activity promoted in this area to change the status-quo is obviously inappropriate."

The Chilean training base is being constructed in Chilean territory as a response to the unassimilated in-

ternational ruling that gave Argentina definitive sovereignty over the Laguna del Desierto area.

Nevertheless, the minister told a Buenos Aires morning daily that the arguments that are being voiced about the significance of acts of physical possession in contentious areas "are irrelevant."

The defense minister said: "Such acts, as in the Beagle Channel Islands or the Laguna del Desierto cases, did not have any significance. The Argentine-Chilean border has been established by a Treaty and the criteria used by the two sides and by third parties to define the border lines have followed strict legal standards."

The Continental Glaciers is a barren area with very harsh climate conditions. This has been evidenced by the fact that on 2 January Chilean forces began the construction of an airstrip, but had to discontinue it three days later as a result of strong storms.

Di Tella Outlines Foreign Policy Goals for 1996

PY0601011996 Buenos Aires LA NACION in Spanish
5 Jan 96 p 5

[Report on interview with Foreign Minister Guido Di Tella by correspondent Ovidio Bellando; place and date not given]

[FBIS Translated Text] Settling the last border conflict with Chile, involving the Continental Glaciers, is the first of the seven main goals to be achieved on the 1996 foreign policy agenda pursued by Foreign Minister Guido Di Tella. Seven are the days of the week, the capital sins, the plagues of Egypt, and the world's wonders.

Di Tella will have to rely on the fine negotiating ability of diplomats (who, among other achievements made during his tenure, have contributed to again making Argentina a trustworthy country in nuclear affairs) to achieve some of these goals. The foreign minister will have to rely on the good will of the powerful countries (as for the OECD case) to achieve other goals.

Nevertheless, Di Tella will have to receive — above all — a strong, committed, and total official support to achieve these goals.

[Bellando] Does Menem support your efforts?

[Di Tella] (Emphatically) Absolutely. The president proposes the guidelines and the Foreign Ministry implements them, with the government's full support.

As some government officials who do not hold posts in any ministry attempted to carry weight or have occasionally been carrying weight in the making of fundamental decisions over the past few years (in Di

Tella's area, an example involves the stance of Menem's inner circle members who favored groups of Cuban exiles whereas the Foreign Ministry advised to separate from them).

[Bellando] Are you receiving support or blows from the foreign policy fans who are surrounding Menem?

[Di Tella] (Not as emphatically) Areas are perfectly defined and there is no reason for them to meddle in the Foreign Ministry's activities.

This Year's Goals

In addition to the developments involving the Mercosur [Common Market of the South], which, in his own words, "represents an achievement that is constantly being improved through private activities," and the Malvinas Islands issue, which "we do not want to accelerate as everything will be achieved in due time and harmoniously," the foreign minister has set out for himself seven goals on which the Foreign Ministry already has been working, hoping that they will be achieved sometime this year.

Following is the list of goals, with Di Tella's commentaries:

1. To end the last border conflict with Chile. Delimitation of the Continental Glaciers should be achieved this year, but, of course, the government will abide by Congress' decision of approving or disapproving the contour line agreed upon between Menem and former Chilean President Patricio Aylwin. We (the government) did not fare very well when this issue was discussed a few years ago.
2. To achieve oil and fishing agreements with the United Kingdom, which should be followed by making headway in communications with the islanders. Talks, a rapprochement, should be sought... Menem's visit to London? It is completely unrelated to it. A president visits a country when there is something to be achieved; otherwise, it would be tourism.
3. To join, along with two or three other countries, the OECD (Organization for Economic Cooperation and Development). This is the club of the rich countries.
4. To achieve a significant headway in the Mercosur-EU relationship. I cannot hope to achieve this association this year, as it involves lengthy negotiations.
5. To make headway in achieving a free trade zone in the Americas, as established at the Miami Summit.
6. To enhance Argentina's relationship with the First World, with which we are aligned.
7. To make headway in economic and trade issues in the Pacific basin.

During one of the hottest days of the year, the foreign minister's office was an oasis, thanks to the air conditioner.

There are two new chairs, upholstered in dark fabrics (they match the rest of the worn-out velvets and brocades with which chairs and armchairs are upholstered). I comment about them.

"They did not involve any funds from our ministry; they were lent to me," Di Tella says cautiously, but fails to supply the name of the "lender."

Even though Di Tella did not mention it during the interview, the economy represents one of the Foreign Ministry's great concerns.

Seventeen consulates had to be shut down last year ...

Brazil

Raytheon Deal Said Tied to Clinton Support for UNSC Seat

PY0601013696 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jan 96 p A5

[Report by Joao Domingos and Rosa Costa]

[FBIS Translated Text] Brasilia — The administration is preparing an offensive to save the Amazon Region Surveillance System (Sivam) project and to recover the time lost in Congress over reports on irregularities involving the project. On 8 January, Aeronautics Minister Lelio Lobo will deliver to Senator Antonio Carlos Magalhães (PFL-BA) [Liberal Front Party-Bahia], chairman of the special committee that is investigating Sivam, some documents designed to rebut, point by point, the charges raised in a report by the National Accounting Office (TCU), which late in 1995 compounded the suspicions of irregularities surrounding the Sivam project.

Similarly, President Fernando Henrique Cardoso will personally contact those senators who are still opposing the project. Government allies believe the recent leisure days enjoyed by congressmen has given time for the Aeronautics Ministry to collect information that can be used to defend Sivam.

In addition to Cardoso's personal offensive, which involves getting out of Planalto Palace to persuade senators who are opposing Sivam, Senator Elcio Alvares (PFL-ES) [Espírito Santo], government leader in the Senate, is going to take action on another front. Alvares is scheduled to meet Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso] at

0900 on 8 January. Alvares said: "I have already talked on the phone with Tebet and confirmed to him that none of the charges against Sivam will go unanswered."

Alvares also announced that Senator Esperidiao Amin (SC) [Santa Catarina], national president of the PPB [Brazilian Progressive Party]; and Senator Sergio Machado (CE) [Ceara], the PSDB leader in the Senate, are no longer considered to be opponents of Sivam. Alvares added: "We have such convincing documents proving the legality of the system that no one will be speaking about Sivam any more after the second half of February."

According to Alvares, the most serious charge is that a strict bidding process was not followed in the selection procedures that culminated with the contract awarded to Raytheon to supply the equipment for Sivam. He said: "The selection process ultimately left two competitors: Raytheon of the United States and Thomson of France." He added: "The government chose Raytheon because it considered it to be better qualified."

Senator Ney Suassuna (PMDB-PB) [Paraiba], the rapporteur of the patent bill at the Constitution and Justice Committee, believes that in his personal effort to defend Sivam and the Raytheon contract, Cardoso should meet with senators and talk to them as clearly as possible. Suassuna goes as far as recommending to Cardoso what to do. He said: "Either Brazil maintains the Sivam project and the Raytheon contract and all that, or it will lose U.S. President Clinton's patronage for Brazil to obtain a seat on the UN Security Council [UNSC]."

According to Suassuna, the UN Security Council issue and the necessary U.S. support — which Brazil cannot afford to lose — is at the core of this problem. He said: "To rescind the contract with Raytheon would be tantamount to relinquishing Brazil's UN aspirations." Suassuna, who opposes Sivam, added: "I would also change my position. All the president needs to do is speak more clearly."

Aeronautics Ministry Rejects TCU Report on Payments to ESCA

PY0801161796 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 6 Jan 96 p 2

[Article by Leandro Fortes]

[FBIS Translated Text] Brasilia — Aeronautics Minister Lelio Lobo and Strategic Affairs Secretary (SAE) Ronaldo Sardenberg have concluded their report on the Amazon Region Surveillance System (Sivam) which they will deliver to the Senate on 8 January. The Aeronautics Ministry report alleges that many of the expenses labeled as irregular by the National Accounting

Office (TCU) were rejected by Aeronautics Ministry accountants and were never paid to ESCA [Automation and Control Systems Engineering].

Such payments were allegedly contracted for capital market advisers, and to pay for air tickets and lodging in luxury hotels for their directors — many of whom were Aeronautics Ministry officers.

Brigadier Lelio Lobo will use this weekend to review the technical information he received from Brigadier Marco Antonio de Oliveira, CCSivam (Aeronautics Ministry Sivam Coordinating Commission) president. At the suggestion of Ambassador Sardenberg, Lobo will also modify the introduction of his report. An Aeronautics Ministry officer said Sardenberg suggested that Lobo should "change the approach" of his introduction, avoiding a tone of criticism.

Minister Lobo could not conceal his irritation over the fact that the TCU leaked to the media a report that, beside being classified, was, from his point of view, partial. An adviser said that Minister Lobo will personally go to the Senate to hand in the Aeronautics Ministry's replies to the TCU report. Lobo has decided to give the document to Senate President Jose Sarney (PMDB-AP) [Brazilian Social Democracy Party-Amapa] and not to the president of the Special Senate Committee Investigating the Sivam, Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia]. Magalhaes has said that if it was up to the Special Committee, the Sivam financial contract would not be authorized by the Senate.

Aeronautics Minister Gives Senate Sivam Related Documents

PY0901001396 Sao Paulo AGENCIA ESTADO
in Portuguese 2134 GMT 8 Jan 96

[By Joao Domingos and Tania Monteiro]

[FBIS Translated Text] Brasilia, 8 Jan (AE) — Aeronautics Minister Lelio Lobo believes that the charges against the Amazon Region Surveillance System [Sivam], pressed in a preliminary report by the National Accounting Office [TCU], will be disproved by the documents delivered to the Senate today. Lobo delivered three documents to Senator Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa], the president of the Senate; Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia], the president of the special Sivam commission; and Ramez Tebet (PMDB-MS) [Mato Grosso do Sul], the special commission's rapporteur.

In the first 25-page document, Lobo rebuts the charges of irregularities reported by the TCU, among them the

payment by the Aeronautics Ministry of all the expenditures of the broken company ESCA [Automation and Control Systems Engineering], even before the start of the process of implementation of Sivam. Lobo claimed that ESCA was closed to all the enterprises that might be selected for the Sivam project. In the second 114-page document, the minister provided copies of all the invoices examined by the TCU — many of them allegedly forged because they were issued with consecutive numbers, one per month — with the explanations that he deemed necessary for the senators. In the third document, the Aeronautics Ministry used nine pages to provide more explanations, all of them accompanied by annexes with figures on ministry expenses.

Lobo took the documents to the Senate. A statement by the minister to the Senate in November almost made the project collapse. On that occasion, he contradicted himself, showing that he was not familiar with the project. Government allies said the minister's statement was "awful." Sivam was in such a critical situation that President Fernando Henrique Cardoso preferred to move the date for summoning Congress from 18 December 1995 to 8 January 1996.

This extension was essential for the government, because it gave the aeronautics minister time to gather the documents with which to rebut the preliminary TCU report. Senator Antonio Carlos Magalhaes himself was concerned about the delay: "This cannot wait forever," he said after he received the minister's documents. He added: "Otherwise, the country will not carry out the reforms it needs." Magalhaes wants the Sivam issue to be resolved before the end of the month. "It should be yes or no," he said.

Late in the afternoon, after Lobo delivered his documents, Planalto Palace spokesman Sergio Amaral reiterated that the Senate will make the final decision on Sivam. He reiterated a challenge: The government will reconsider the contract with the U.S. company Raytheon — which was selected for implementation of the project — if tangible evidence of irregularities in the project is provided. "Sivam is necessary for the country," Sergio Amaral added.

Amaral noted that the government will rebut the TCU report, on the basis of the documents submitted by the Aeronautics Ministry. He added that if no major fault is found to jeopardize the project, the government expects that Sivam will "move forward."

Before the statement by Amaral, Senate President Jose Sarney said that during a conversation with President Fernando Henrique Cardoso at lunch time, he had the impression that before taking action, the government will wait for the final TCU report.

Minister Fails To Persuade Senators To Pass Sivam
PY1001021296 Sao Paulo AGENCIA ESTADO
in Portuguese 1958 GMT 9 Jan 96

[Report by Rosa Costa]

[FBIS Translated Text] Brasilia, 9 Jan (AE) — Aeronautics Minister Lelio Lobo has again failed in his attempt to persuade the senators to authorize the signing of a foreign loan contract to finance the Amazon Region Surveillance System (Sivam) project. The senators did not like the confidential report Lobo handed to them on 8 January. In this report, Lobo sought to rebut the charges of irregularities raised by the National Accounting Office (TCU) against members of the Sivam Coordinating Committee.

Senate President Jose Sarney (PMDB-AP0 [Brazilian Democratic Movement Party-Amazonas], who was the first to receive Lobo's report, commented tersely on it. He said: "The situation is the same." Then, he added: "We are completely perplexed." Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia], chairman of the special committee that is investigating Sivam, also made it clear that Lobo's explanations were not convincing. Magalhaes said that although he only took a glance at the report, he still has "many unanswered questions." Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso], rapporteur of the Sivam committee, said that he only plans to comment on the Aeronautics Ministry's report in his final recommendations. He again urged that the committee resume its work as soon as possible, and noted that he already has arguments to substantiate his vote.

Senator Ney Suassuna (PMDB-PB) [Paraiba], deputy leader of the government in the Senate, has said that he continues to have the feeling that the suspicions surrounding the project have not been cleared. He said: "Doubts still remain amid unsubstantiated statements." Senator Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo] has described Lobo's report as "unsatisfactory" because it has not dispelled the doubts of those who are closely following the congressional debate on the Sivam project. For instance, the minister has acknowledged that attorney Jose Roberto Toscano Dantas, legal adviser of the Sivam Coordinating Committee, was on the payroll of ESCA [Automation and Control Systems Engineering], but he merely attempted to justify the fact by noting that Toscano Dantas is "a professional who specialized in aeronautics law."

The Aeronautics Ministry's report said: "The inclusion of Toscano Dantas' name on the ESCA payroll was recommended by the Aeronautics Ministry itself, in

keeping with the objective of managing a contract that requires specialized professional services. There was no other connection involved." Another justification questioned by the senators is that which outlines the reasons for the Aeronautics Ministry making payments to ESCA after its being disqualified to take part in the project. According to the Aeronautics Ministry, it was not in the best interests of the administration to unilaterally rescind the contract or to enter into a litigation because ESCA never failed to comply with its obligations under the contract. The report minimizes the fact that the contract with ESCA was rescinded for reasons other than its failure to comply with the terms of the contract, but rather because it failed to comply with its fiscal obligations and forged a document of the National Social Security Institute (INSS).

TCU Judge: Report on Sivam Will Not Be 'Conclusive'

PY1101010596 Sao Paulo AGENCIA ESTADO
in Portuguese 2204 GMT 10 Jan 96

[Report by Alberto Fernandez]

[FBIS Translated Text] Brasilia, 10 Jan (AE) — Judge Adhemar Ghisi, rapporteur of the National Accounting Office (TCU) on the Sivam (Brazilian Amazon Region System) case, has said that the TCU will not issue a conclusive report on the legality of the Sivam project. He noted that the TCU report will merely focus on ESCA (Automation and Control Systems Engineering), the Brazilian company that was disqualified from the Sivam project for having committed fraud against the social security system. Ghisi today received from Aeronautics Minister Lelio Lobo the Air Force answers to the charges raised against ESCA by the TCU.

Ghisi stated that the TCU report on ESCA will not be completed on time for it to be discussed by the Senate Sivam committee. According to Ghisi, it will be "very difficult" for the TCU to conclude its analysis on ESCA before 15 February, the day set for the adjournment of the special session of Congress. For their part, members of the Senate super committee today decided to adjourn on 7 February.

Judge Ghisi has also admitted the possibility for the TCU to make a second analysis of the legality of the Sivam contract, if the Senate makes a request to this effect. He notes, however, that a second analysis would be entirely different from the current one, which is focused on ESCA alone. He said: "We would have to start again from square one." This, according to Ghisi, would entail at least three more months of work.

In fact, the timetable mentioned by Ghisi would render a TCU approval of Sivam useless for the administration

because President Fernando Henrique Cardoso wants Sivam to be approved as quickly as possible to clear the agenda for the discussion of the reforms.

Today, Minister Lobo handed to Ghisi documents substantiating the government's contention that the Sivam process has been legal. The same documents were submitted on 8 January to members of the Senate committee, who were not convinced by them. Asked about the negative reaction, Lobo declined to comment. He said: "It is the TCU that is going to study them now."

French Official Denies Lobbying for Sivam Project

PY0801230296 Sao Paulo AGENCIA ESTADO
in Portuguese 1939 GMT 8 Jan 96

[By Aldo Renato Soares]

[FBIS Translated Text] Brasilia, 8 Jan (AE) — Yves Galland, French minister-delegate for finance and foreign trade, today denied that the Amazon Region Surveillance System (Sivam) will be discussed by a delegation of French entrepreneurs — which he presides over — and the Brazilian Government. In Paris last week, Galland said that if there is a new international tender, France will participate. Today he was very cautious on the subject, noting that "nothing" will be discussed with regard to Sivam. "France will accept the decision by the Brazilian Senate and Government," he stated after a closed-door meeting with Foreign Minister Luiz Felipe Lampreia.

The French delegation, which arrived in Brasilia in the evening of 7 January, declined to talk about Sivam. Since the French company Thomson lost the tender for the \$1.4 billion project to the U.S. company Raytheon — and after the subsequent exchange of charges of bribing Brazilian officials — the French decided to make no official comments on Sivam. French Embassy assistants could not say whether the delegation includes Thomson International Department President Philippe Giscard D'Estaing, who is a cousin of former French President Valery Giscard D'Estaing.

The delegation does include a Thomson representative. The French Embassy, however, today tried to show that the presence of the Thomson representative has nothing to do with Sivam, claiming that Thomson operates in several areas. "There is no reason for all that speculation about Thomson, which is an enterprise that operates in several areas of the economy, and not only with space equipment," a French Embassy official said. He could not report the name of the Thomson representative in the delegation.

Thomson also operates in the sectors of telecommunications, electrical home appliances, and electrical and

electronic equipment. According to an Itamaraty source, the Sivam case will be addressed in Brazil only if the government decides to annul the contract with Raytheon and call for a new international tender. "Since such a decision has not been made, it would be improper to address the subject, especially now that it is being investigated by a Senate commission," the diplomat said.

According to Itamaraty sources, the French do not believe the contract with the U.S. enterprise will be annulled. The presence of the Thomson representative in the entrepreneurial delegation might be related to the privatization of the telecommunications sector. Dorothea Werneck, industry, commerce, and tourism minister, has confirmed that the French want to know the rules for the participation of foreign capital in the telecommunications and energy sectors. "They have advanced technology in both sectors," the minister said.

Editorial Questions Need for Sivam Project

PY0501214396 Sao Paulo FOLHA DE SAO PAULO
in Portuguese 4 Jan 96 Section 1 p 2

[Editorial: "Sivam for What?"]

[FBIS Translated Text] The dispute surrounding Sivam [Amazon Region Surveillance System] runs the risk of getting lost in a web of minor issues that would cause us to lose sight of what should be the crux of the controversial project; that is, to define whether Sivam is necessary for the country or not, as FOLHA showed in an article signed by Aldo Vieira Rosa, a renowned engineer and retired major brigadier of the Air Force who is today a professor emeritus at Stanford University (USA).

To convey opposition to the project, it is not necessary to resort to conspiratorial or xenophobic theories about the threat of U.S. interference in Brazilian affairs. After all, there are other more effective and less costly ways of conveying opposition to Sivam. Regarding the huge profit the deal would bring to Raytheon, there is no reason to be surprised by the U.S. official support because, like any other government, the U.S. Administration also seeks to support U.S. companies. The issue for Brazil should be to decide whether the services promised under the project are in fact essential or not.

To convey support for the project, it would appear to be pointless to claim the need to preserve Brazil's international credibility. In this respect, Rosa clearly stated his position. He said: "(...) If we cancel this contract, there will be other U.S. or European companies submitting proposals for the implementation of other projects in Brazil. The larger the number, the better."

If the United States itself has not succeeded in deterring, in a moderately effective way, the drug trade (one of the goals sought through the project), and if other much cheaper means of controlling air traffic are already available today, it seems increasingly urgent that, in the absence of a clear justification for its existence, Sivam be excluded from the list of government priorities.

Government Allies Design Congress Agenda; Sivam Excluded

PY1001005696 Sao Paulo AGENCIA ESTADO
in Portuguese 2156 GMT 9 Jan 96

[Report by Claudia Carneiro and Christiane Samarco]

[FBIS Translated Text] Brasilia, 9 Jan (AE) — Seeking to "save" the special period of congressional sessions, government leaders and leaders of the parties that support President Fernando Henrique Cardoso agreed on a shorter agenda, which might produce some progress in controversial issues that are government priorities. The Chamber of Deputies wants to start voting on the social security reform on 16 January. The deadline for consideration of the reform at the special committee has already expired.

In the opinion of Chamber of Deputies President Luis Eduardo Magalhaes (PFL-BA) [Liberal Front Party-Bahia], PMDB [Brazilian Democratic Movement Party] leader Michel Temer (SP) [Sao Paulo], and PFL leader Inocencio Oliveira (PE) [Pernambuco], the voting on the social security reform in the special committee will take at least two weeks. Considering the legal interval of five sessions, the reform might be voted on by the plenum session for the first time at the beginning of February.

This morning, government leaders in the Chamber of Deputies and in the Senate met with President Cardoso, while the Chamber of Deputies president outlined a preliminary agenda with PMDB and PFL leaders, and with the rapporteurs of the social security reform — Deputy Euler Ribeiro (PMDB-AM) [Amazonas] — and of the administrative reform — Moreira Franco (PMDB-RJ) [Rio de Janeiro]. The government is less concerned about the administrative reform, which is moving at a normal speed. The deadline for voting on this reform in the special committee will expire on 2 February.

During the meeting with Cardoso, Luiz Carlos Santos (SP) [Sao Paulo], the government leader in the Chamber of Deputies, was instructed to speed up the tax reform, which is not a priority for either the PMDB or the PFL. Santos expected to start negotiations with rapporteur Mussa Demis (PFL-PI) [Piaui] today. In addition to the social security and administrative reforms, the Chamber of Deputies would like to rapidly vote on the bill

creating the social security contribution that will be paid by retired workers. An agreement between party leaders freed pensioners from this tax, in line with the government plan.

The government does not want to waste time. "We will look for the right time for voting on the bills, and we will vote on those for which the timing and conditions are ripe," Luiz Carlos Santos said. The other items on the government agenda, which includes countless bills, will be submitted depending on legal time periods. The government has not given up the constitutional amendment that creates the tax on financial operations (CPMF) [Provisional Financial Operations Tax], the leader added. "The CPMF is also a priority. We will try to approve it in the CCJ [Constitution and Justice Committee]," he said. The PMDB and the PFL, and the leftist parties, are against this reform.

Luis Eduardo Magalhaes today opened the plenary session, which approved — in less than one hour — an executive branch bill regulating phone tapping. The plenary session delayed the debate on the bill for privatization of federal highways, and approved urgent voting treatment for a bill increasing federal policemen's salaries.

Senate

After the leaders' meeting with President Cardoso, Senate President Jose Sarney (PMDB-AP) [Amapa] and party leaders agreed on a list of priorities that removes the attention from the Sivam [Amazon Region Surveillance System] project. Following the Planalto Palace attitude, the Senate leaders decided to "freeze" the project until the National Accounting Office (TCU) releases its report on the subject. Sivam will then remain frozen until the conclusion of the TCU vacation, which will end on 17 February. "There was concern that Sivam might concentrate all the attention," said Elcio Alvares (PFL-ES) [Espirito Santo], the government leader in the Senate.

Without the fear that the Sivam project might concentrate all the attention during the special period of congressional sessions, allied leaders designed an agenda of seven items for discussion during the period. The agenda includes the reform breaking the reinsurance monopoly, the Law of Guidelines and Bases for Education, the new National Transit Code, the Patent Law, the Fiscal Stabilization Fund (FEF), the social security contribution to be paid by free-lance workers, and the Cofins [Social Security Contributions] project. The Union's budget and the Four-Year Plan (PPA) are the priorities on the congressional agenda.

Cardoso, Sarney Discuss Congress Special Session Agenda

PY0901002796 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 8 Jan 96

[Speakers identified by screen captions]

[FBIS Translated Text] Government and Congress have decided not to assign priority to the debate of constitutional reform issues during the special session of Congress. The administration has acknowledged that the special session period is too short and decided to expedite the debate of the federal budget and of the controversial Sivam [Amazon Region Surveillance System] project. The special session of Congress started today.

The first to report to work was Senate President Jose Sarney, who had breakfast with members of the PMDB [Brazilian Democratic Movement Party], who are unsure as to which way to vote. Then he had lunch with President Fernando Henrique Cardoso. Sarney said the 100 topics on the congressional agenda is too high a number. Thus, he and Cardoso agreed that, during the special session, priority should be assigned to the budget, the Four-Year Plan, and the Fiscal Stabilization Fund [FEF].

PMDB Senator Jader Barbalho, who is the rapporteur of the FEF bill, said that approval of the FEF will be entirely incumbent upon the economic team. He made it clear that, as long as he does not receive satisfactory answers regarding the FEF, he will not complete his report.

The special session has resurrected a thorny issue: the Sivam project. Aeronautics Minister Lelio Lobo today went to Congress to answer charges about Sivam, and delivered copies of the answers he had sent to the National Accounting Office [TCU] to the Senate president, to the chairman of the super committee investigating Sivam, and to the rapporteur of the Sivam project.

[Begin recording] [Sarney] As soon as the TCU passes judgment on these issues, the president of the Republic will naturally make his decision based on the findings of the investigation.

[Senator Antonio Carlos Magalhaes] I believe the committee should meet within the next few days, as soon as possible, to draw up a timetable so that we may resolve the Sivam issue during the special session. [end recording]

Although the issue of reelection of councilmen, mayors, governors, and the president of the Republic is not on the agenda, there are people who persist in raising the subject. Communications Minister Sergio Motta has

again stated that it would be an artful move to delay the issue until 1997. Congress should start discussing the issue now, so that it may take a vote on it by May, Motta said. He added that political parties agree with this approach.

Presidential spokesman Sergio Amaral has said that the administration wants discussion of the constitutional reform bills to continue during the special congressional session. He said this was one of the agreements reached by President Cardoso and Senator Sarney.

Cardoso Asks Leaders To Expedite Work on Tax Reform

PY1001023196 Sao Paulo AGENCIA ESTADO in Portuguese 1835 GMT 9 Jan 96

[FBIS Translated Text] Brasilia, 9 Jan (AW) — President Fernando Henrique Cardoso this morning asked his leaders in Congress to expedite the debates on the tax reform proposal designed by the economic team. This information has been released by Deputy Luiz Carlos Santos (PMDB-SP) [Brazilian Democratic Movement Party-Sao Paulo], the government leader in the Chamber of Deputies, who then had lunch with rapporteur Mussa Demes (PFL-PI) [Liberal Front Party- Piaui], to convey to him the president's request. The tax reform proposal is being examined by a special committee of the Chamber of Deputies, to which Mussa Demes will submit his report within the next few weeks. "The proposal was rather stagnant, because the right time for debating it had not yet arrived," Santos said. According to him, the social security reform is the only constitutional reform that the Chamber can approve during the special period of sessions. The administrative reform, the last of the three reforms that the government considers strategic for balancing public accounts, will be voted on by another special committee at the beginning of February, thus making it possible for the Chamber's plenum to vote on it upon resumption of the normal work by Congress, after 15 February.

'Pink Folder' Leak Investigation Results Released

PY0901012196 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 8 Jan 96

[FBIS Translated Text] Carlos Eduardo de Andrade, director of the Central Bank Administrative Department, today released the results of an investigation into the responsibility of Central Bank employees regarding the pink folder leak.

The conclusion is that the leak did not occur within the Central Bank. Carlos de Andrade said that during a 25-day period, the commission listened to approximately 12 persons who had access to the pink folder, noting that

he could not summon people outside the bank, because the investigation was an internal bank procedure.

[Begin Carlos Eduardo de Andrade recording] That was the objective of the commission, which had to investigate whether the leak had occurred within the Central Bank. The commission conducted the investigation and arrived at its conclusions.

The commission could not identify the person who was responsible for the leak, because — it is important to notice this — the commission has no jurisdiction over persons outside the Central Bank. [end recording]

Carlos de Andrade noted that upon conclusion of the investigation, for the Central Bank the pink folder case is over.

PMDB Leaders Condition Support for Cardoso, Reforms

PY0901133096 Sao Paulo AGENCIA ESTADO in Portuguese 2157 GMT 8 Jan 96

[Report by Claudia Carneiro]

[FBIS Translated Text] Brasilia, 8 Jan (AE) — The PMDB [Brazilian Democratic Movement Party] leaders today made it clear that the PMDB support will be entirely dependent on its participation in the administration's decisionmaking process. This means that the PMDB wants to discuss again its share of cabinet posts in the Fernando Henrique Cardoso administration. Senator Jose Sarney, president of the Brazilian Congress and a ranking PMDB leader, today said: "That is a PMDB desire."

In the meantime, the PMDB is determined to maintain a position of "independence" from the administration during voting on controversial reform issues. The PMDB leaders have decided to consult with their rank-and-file to reach a united position on unpopular issues, such as those affecting job security for public servants, and the retirement system that is solely based on years of service, which are included in the administrative and social security reform proposals.

Sen. Sarney today lunched with President Cardoso at Alvorada Palace and discussed the agenda of the special congressional session. Cardoso told Sarney that his administration wants to have the PMDB on its side this year and that it plans to expand its relations with Congress. Planalto Palace seeks to maintain "closer, less conflictive" relations with Congress. Sarney made it clear that, as far as the PMDB is concerned, the first step the administration ought to take is to listen to the PMDB leaders before submitting its proposals to Congress. He said: "The PMDB has no problems with

the administration, but it no longer wants to be surprised by the issues we are receiving in Congress."

Sarney declined to speak of posts and noted that the PMDB position is focused on the need for the administration to give the PMDB participation in formulating its political proposals. A few hours prior to the lunch between Sarney and Cardoso, the PMDB leaders had already outlined their party's position over breakfast at Sarney's residence. PMDB President Páez de Andrade (CE) [Ceará]; Michel Temer (SP) [São Paulo], PMDB leader in the Chamber of Deputies; and Sen. Jader Barbalho (PA) [Pará State], PMDB leader in the Senate; and Sarney decided that the PMDB will maintain its independence regarding the administration on "pragmatic" issues.

This means that the administration will not count on the PMDB support for controversial constitutional reform issues. Temer said: "An unpopular proposal should never pass." Over breakfast, the PMDB leaders outlined an agenda the PMDB president will be taking to the PMDB regional boards so that the party may speak a single language at the convention. The agenda includes job security for public servants, acquired rights, retirement, financial support for states and municipalities, reelection of the president of the Republic, privatization of the Rio Doce Valley Company, and an evaluation of the party in terms of the municipal election.

The PMDB convention may convene in May, but Barbalho proposes that it be held early in March to make the PMDB lawmakers vote together on the reform bills. He said: "We cannot change the Constitution only because we are giving political support to Cardoso." Barbalho is an outspoken advocate of reviewing the PMDB space within the administration. He said: "We want participation: This includes posts and political formulation."

Massive Dismissal Program Designed for Banerj

PY0901180396 São Paulo AGENCIA ESTADO
in Portuguese 2208 GMT 8 Jan 96

[FBIS Translated Text] Rio de Janeiro, 8 Jan (AE) — The 10 managers of the Bozano, Simonsen bank who are running Banerj [Rio de Janeiro State Bank] are designing an emergency dismissal program that will be implemented as of next week. According to a source close to the managers, they expect to dismiss 4,000 of the 11,982 bank employees. The first employees to be dismissed might be those who were transferred to federal and state organs, and those assigned to state deputy offices.

The emergency program also provides for the closure of the bank branches that produce deficits. Banerj has 227

branches, 166 of them in the state of Rio de Janeiro. Programs have already been scheduled for updating the bank's communications and computer networks.

The Bozano, Simonsen managers are not expected to face resistance for implementation of the dismissal program. Paulo Ferraz, the president of the Council of Managers, and manager Cristiano Buarque today met with Sérgio Quintella, the president of the State Accounting Office (TCE). They were told that there would be no problems for the dismissals. The state government has already made it clear that the specialists of Bozano, Simonsen will have full freedom for implementation of the financial improvement program.

Quintella recalled that Banerj has not yet been privatized, and will have to abide by regulations applying to public institutions. For example, if they want to transfer bank assets, the managers will have to resort to a tender. If employees are to be hired, a qualification contest must be used. The managers have been authorized to renegotiate contracts for the purchase of goods and services — through addenda to contracts — without previous TCE authorization.

Quintella said that "Bozano, Simonsen is free to reduce the price of contracts. The only thing it cannot do is change the winners of tenders." Quintella designated two TCE specialists to monitor the managers' administrative measures. "The dismissal of Banerj employees does not fall under the jurisdiction of the TCE but of the Labor Courts."

Chile

Government Assesses Peruvian Rejection of Lima Conventions

FY0901022396 Santiago Universidad Católica
Television Internacional in Spanish
0000 GMT 9 Jan 96

[FBIS Translated Text] Acting Foreign Minister Mariano Fernández confirmed today that the government has received a Peruvian document which, in practice, rejects the Lima Conventions.

In Peru, the government reacted cautiously to the statements by the Chilean foreign minister.

In 1993 the governments of Chile and Peru signed an agreement by which they agreed to solve the pending issues of the 1929 Treaty.

Today, Acting Foreign Minister Mariano Fernández confirmed press reports asserting that Peru has rejected the Lima Conventions. According to Fernández, the Foreign Ministry is assessing a document received from the neighboring government:

[Begin Fernandez recording] We have stated that it is a strange memorandum because, although it refers to subjects related to the services in Arica, it does not mention the Lima Conventions at all. [end recording]

The aforementioned services refer to the establishment of a pier, a warehouse, a customs house, and a railway station.

[Begin Fernandez recording] We have stated that the Lima Conventions were signed by the presidents, and in Chile they have been submitted to Congress for approval. Therefore, it is the duty of the respective governments to honor their promises. [end recording]

In conclusion, Minister Fernandez said that the incident prompted by the paving of a portion of road in El Chinchorro is a closed issue because the problem must now be handled by the courts.

Senate Head Rejects Peru's Proposal on Conventions

PY1001224796 Santiago EL MERCURIO in Spanish
10 Jan 96 p C4

[FBIS Translated Excerpt] Chilean Senate President Gabriel Valdes has urged the government to reject the Peruvian proposal that would repeal the Lima Conventions, which had already been negotiated and signed by the presidents of the two countries and were only awaiting ratification by the Peruvian Congress.

Valdes said that the Lima Conventions were the product of broad negotiations and that they also resolved the pending points of the 1929 Treaty.

Valdes made these remarks at La Moneda Palace after a meeting with President Eduardo Frei. He said that expropriation of the Peruvian land in El Chinchorro is an alternative that should not be ruled out.

He also agreed with the manner in which the government has been addressing international problems, especially in the case of Peru, regarding which, in his judgment, the government acted in due time, with intelligence and prudence, virtues which are "characteristics of Chilean foreign policy," he said.

Nevertheless, the Peruvian position concerning the Lima Conventions does not affect Chile and leaves things as they have been. He added that the country should set a statute for the use by Peruvians of the railways, the docking pier, and the customs offices built in the town of Arica. [passage omitted]

Insulza, Businessmen To Explore Trade Potential With Cuba

PY0901224596 Santiago Universidad Catolica
Television Internacional in Spanish
0000 GMT 9 Jan 96

[FBIS Translated Excerpt] Chilean Foreign Minister Jose Miguel Insulza and 30 businessmen arrived in Cuba today to explore new trade possibilities and promote the bilateral relations restored in April 1995.

For Fidel Castro's communist government, this is also an opportunity to promote foreign investments in Cuba. We now have a report by our special envoy in Havana, Monica Cerda, whom we see standing in front of huge waves. Good evening, Monica.

[Begin relay] [Cerda] Good evening. A spell of poor weather has just hit Havana.

[Anchorman] Tell us, what is the reason for those huge waves?

[Cerda] We must not forget it is mid-winter here, and two hours earlier than Chile. We hope the situation will improve, the same as that of Cuba, where the Chilean foreign minister arrived today together with a large delegation. [passage related to Cuban economy omitted]

With a bit of delay, Chilean Foreign Minister Jose Miguel Insulza, heading a businessmen's delegation, began an official visit to Cuba this afternoon.

[Insulza] We hope our relationship will develop adequately, based on foreign policy principles we share, on the principle of mutual respect, of mutual convenience, our mutual desire to serve Latin America, and the desire to maintain, in the economic and political field, a relationship with Cuba that has its past but that we hope will be normal and start looking toward the future.

[Begin Cuban Foreign Minister Roberto Robaina recording] No economic issue is separated from the political field and no political issue is separated from the economic field. I believe there are different viewpoints regarding political ideologies and political changes. I believe that belongs to a dialogue we must look into. Why? Because I believe we have different viewpoints regarding the political changes Cuba is experiencing. I even believe that currently an important moment in economic changes such as the ones we are implementing undoubtedly means political changes, with regard to what we have been doing. [end recording]

[Cerda] Tomorrow the Chilean foreign minister and the businessmen's delegation will continue meeting with Cuban ministers and authorities of sectors of special interest to Chile. [passage omitted]

Trade Ties Discussed as Insulza's Visit to Cuba Continues

PY1001023096 Santiago Universidad Catolica
Television Internacional in Spanish
0000 GMT 10 Jan 96

[Speakers identified by screen captions]

[FBIS Translated Excerpt] Not only were trade relations discussed in Cuba today; during the second day of its visit to Cuba, the Chilean diplomatic and business delegation confirmed the growing presence of Chilean products on this Caribbean island.

We have a new report from Havana by Monica Cerda. Good evening, Monica.

[Begin relay] [passage omitted] [Cerda] Have you voiced your disagreement?

[Chilean Foreign Minister Jose Miguel Insulza] Look, I would prefer not to comment on those subjects in public. These are subjects we always tackle in a very discreet manner. However, I would like to state, in a very generalized manner, that the Cuban authorities have posed no difficulties nor objected to us talking or meeting with whomever we desired here in Cuba.

[Cerda] Are you going to?

[Insulza] I am not going to discuss this issue now.

[Cerda] The foreign minister, in addition to the mysterious meeting with Fidel Castro, has thus given us a new subject to discuss: Find out when, where, and with which members of the Cuban opposition he will meet. This is all for now.

Air Force Begins Maneuvers at Continental Glaciers

PY0501195596 Santiago EL MERCURIO in Spanish
4 Jan 96 pp C1, C6

[Article by Ivan Martinic]

[FBIS Translated Excerpt] Puerto Montt — The Chilean Air Force [FACH] is conducting the initial stage of the "Blue Ice" maneuver under absolute normalcy and strictly abiding by the preestablished timetable. This initiative intends to establish a landing strip on the Chilean part of the Southern Continental Glaciers, 3,000 km south of Santiago, to train its pilots and to strengthen national sovereignty in the area, last piece of a border conflict between Chile and Argentina.

The four aircraft that will participate in these maneuvers have been since yesterday in Villa O'Higgins, the national town closest to the Continental Glaciers. They are two Twin Otter planes, which belong to the 4th Air Brigade based in Punta Arenas, and two UH-

1H helicopters which were transferred — in a semi-dissembled manner — from Santiago aboard Hercules C-130 planes. [passage omitted]

Acting Chilean Foreign Minister Mariano Fernandez yesterday said that the development of the "Blue Ice" maneuver and the dedication of a landing strip in the zone near the Southern Continental Glaciers does not represent an act of provocation to Argentina, as stated by the Argentine defense minister.

Fernandez has confirmed that Foreign Minister Jose Miguel Insulza will participate in the visit an important group headed by Defense Minister Edmundo Perez Yoma, Air Force Under Secretary Angel Flisfisch, and FACH Commander General Fernando Rojas Vender will pay to the area between 12 and 16 January.

The congressmen from the zone and the presidents of the defense committees from the Senate and the Chamber of Deputies will also be present.

Concerning the fear expressed by Argentine officials regarding this maneuver, Fernandez limited himself to saying that the comments that the maneuvers represent a provocation seem "ridiculous" and not very serious.

"The operation is being carried out in an unquestionably Chilean zone, not submitted to any kind of conflict, very far from the geographic point of view, of the zone called Southern Continental Glaciers," he said.

He added that the landing strip will be located east of Villa O'Higgins. "Thus, there is no reason to suppose that this could generate some international conflict," he added.

According to Fernandez, both the dedication of the strip and the "Blue Ice" operation are part of the country's normal development program, especially of the most distant areas.

He added that nowadays technical progress and the very development of the country have helped in taking progress to these areas, both to the high plateaus in the north and to the southern zone, including the Antarctic.

He stressed the fact that the Southern Continental Glaciers can become a tourist zone because of their unquestionable natural beauty. "Then, the installation works and research to find new ways of survival and the possibility of developing new ways of life. This is an exploratory manner of working more in the zone. Of course these are activities that reaffirm Chilean sovereignty in usually desert areas," he said.

He also denied that the development of these activities may be the consequence of the award ruling which

deprived our country from the zone of Laguna del Desierto, which is located north of the Southern Continental Glaciers.

General Comments on Base Built Near Argentine Border

*PY0901204696 Madrid EFE in Spanish
1610 GMT 9 Jan 96*

[FBIS Translated Text] Santiago, 9 Jan (EFE) — Chilean military sources have said the Chilean Air Force "never" considered operating around the southern continental glacier, a border area disputed by Argentina and Chile.

General Eitel Von Mulhenbrock, commander of the 4th Air Brigade headquartered in Punta Arenas, made this statement to "EL MERCURIO" in Villa O'Higgins, some 1,900 km south of Santiago and 80 km from the southern continental glacier, where the Air Force has built a temporary base.

The Chilean general, who heads "Operation Blue Ice" — the objective of which is to build an airstrip and a base camp in the southern continental glacier — said the operation is within Chilean territory.

Concerning Argentina's uncertainty about the operation, the Chilean officer said this must stem from "disinformation, because the Chilean Air Force has never considered operating in a sector being disputed with Argentina."

He noted: "Consequently, Argentina should not see anything wrong in our aspiration to operate anywhere in our territory."

On 8 January in Buenos Aires, Argentine Defense Minister Oscar Camilion said: "Activities that change the situation in the southern continental glacier would obviously be improper," reiterating that the zone is under dispute, and that it is "the only area of the long Argentine-Chilean border where border has yet to be defined."

Camilion clarified, however, that the base that the Chilean Air Force is building is "unquestionably in Chilean" territory.

On 2 January the Chilean Government began to build an Air Force training base with a 1,200-meter airstrip near the southern continental glacier.

The zone is a barren, almost uninhabited 2,734 square km area over which Chile and Argentina have disputed for decades.

In 1991, the two nations reached an agreement to divide the area in two almost equal parts. The agreement must

be ratified by the respective congresses, where it has been delayed.

Chilean interest in the southern continental glacier was revived after an international tribunal made a decision — which was negative for Chile — on the borderline in Laguna del Desierto. The decision was totally favorable to Argentina.

New Supreme Court President Appointed

*PY0601010196 Santiago EL MERCURIO in Spanish
4 Jan 96 p A1*

[FBIS Translated Excerpt] The Supreme Court plenum in a tight vote on 3 January — nine votes to eight — elected senior court member Servando Jordan Lopez as president of the Supreme Court for a three-year term.

The plenary session was scheduled to take place on 5 January, but it was unexpectedly held 48 hours ahead of schedule for reasons that Supreme Court Chairman Marcos Aburto described as opportunistic, that being the presence of the 16 justices who were eligible to cast their votes. Other reliable sources linked the motives to press reports on an eventual conflict within the court.

The one-hour session was held in the morning and was attended by all Court members, except for Justice Eleodoro Ortiz Sepulveda, who has been hospitalized, and will soon undergo surgery. Ortiz is currently hearing the Soria case. [passage omitted]

Government Ratifies Human Rights, Constitutional Agreement

*PY0901230896 Santiago EL MERCURIO in Spanish
6 Jan 96 p C3*

[FBIS Translated Excerpt] The government yesterday ratified the implementation of a political agreement with the National Renewal (RN) on human rights and constitutional amendments. Meanwhile, RN leaders, especially the most conservative senators, have stated that Interior Minister Carlos Figueroa changed the panorama of this agreement through remarks to the media over the past few days.

Yesterday Figueroa rejected this criticism, stating that no RN board member with whom he negotiated has said the agreement is no longer in effect.

Figueroa said political relations with the RN board have been correct. He added that they seek possible agreements, saying: "Of course I do not meddle in their handling of internal problems."

In the specific case of the agreement concerning constitutional amendments, the interior minister said the

agreement is fully effective. He said: "This is how leaders with whom we reached the agreements understand it, agreements on which they keep working for the approval of the reforms inside their party, because otherwise they would have denounced it. So far, I have not received any denouncement."

He said that if proposals on human rights and constitutional reforms are "alive" it is because a high-level political agreement has been achieved.

He insisted that relations with the RN are "very good but in the political sense; obviously relations with parties of the coalition are not the same as with the opposition."

The interior minister said relations with the opposition are related to the democratic system and to the Interior Ministry task of implementing state policies. [passage omitted]

Opposition Urged To End Conflict

PY0901222196 Santiago EL MERCURIO in Spanish
5 Jan 96 p C3

[FBIS Translated Excerpt] Jose Joaquin Brunner, minister secretary general of government, yesterday urged the opposition to end its conflict with Interior Minister Carlos Figueroa over the constitutional reform proposal.

He said that instead of wasting time on that, the right wing should decide on this initiative in a legislative debate.

Brunner thus interceded in a controversy that National Renewal (RN) Senator Miguel Otero started when Minister Figueroa told this newspaper that the Armed Forces should not be the guarantors of the institutional system and should leave the door open for amendments to the 1980 Constitution.

Otero criticized this, stating that it is not in line with talks between the party and the government on the constitutional amendment proposals.

Brunner said yesterday that the most important point now is to discuss the amendment bill which has been submitted to Congress, and "not to begin lateral conflicts which have nothing to do with the essence of the issue and which do not help to understand the position of that party (RN) following the agreement at the Temuco council meeting." [passage omitted]

Concerning the Socialist Party (PS) refusal to discuss the proposal on human rights, which is currently being discussed at the Senate, Brunner said that the position the PS has maintained for the past few weeks is wrong.

He said the new statement only confirms that socialism is not in a position to participate in the approval of a bill that will help discover the fate of the missing-detainees.

The minister said this before participating in a regular meeting of the Interministerial Political Committee with President Eduardo Frei. [passage omitted]

Colombia

Government 'Pleased' by Agreement With U.S. on Export Quota

PA1101035296 Madrid EFE in Spanish
0029 GMT 11 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 10 Jan (EFE) — Colombian Foreign Trade Minister Luis Alfredo Ramos announced today that the Colombian and U.S. Governments have signed an agreement that puts to an end to bilateral differences caused by an export quota agreement between Colombia and the EU.

The minister said the agreement, which establishes a mechanism for consultation on bananas, was reached in Washington on 9 January. It will avoid the commercial reprisals the United States had intended to apply against Colombia for having signed a framework agreement in 1994 on banana exports to EU countries together with Costa Rica.

"The Colombian Government is pleased by the understanding reached by both parties," Ramos said, adding "the agreement implies an end to the investigation started by the United States of Colombia, without trade sanctions against our country."

The Colombian Government, despite its satisfaction over the "memorandum of understanding" that puts an end to U.S. Department of Commerce investigations to impose sanctions against Colombia, said the WTO is the "proper forum" for dealing with the problem.

The framework agreement was signed with the EU in March 1994 by Colombia, Costa Rica, Nicaragua, and Venezuela and permitted an increase in banana sales from these countries from 2.1 million [not further specified] of fruit to 2.8 million in 1995.

Nevertheless, the last two countries resigned to the assigned quotas, which were then absorbed by Colombia, thus becoming the first banana exporter to the EU, with a 25 percent market share.

U.S. President Bill Clinton sent a letter to his Colombian colleague, Ernesto Samper, in December inviting him to withdraw from the framework agreement.

Clinton described the pact with the EU as "discriminatory" against U.S. fruit merchandisers, even though he admitted the importance of Colombian peasants gaining access to the European market so as to not lose their jobs.

Senate Republican majority leader Robert Dole proposed a law of sanctions against Colombia if it did not withdraw from the banana agreement with the EU.

Police Arrest Cali Cartel Leader's Accountant

PA0901134196 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 9 Jan 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Cali — Jose Isidro Jaimes Rivera, the accountant and closest collaborator of Elmer Pachó Herrera Buitrago, the only member of the so-called Cali Cartel leadership who remains at large, was arrested in the last few hours during an operation conducted by the Search Bloc team of the National Police and the Sijin [Metropolitan Judicial and Investigative Police] in Caldas Department.

Jaimes Rivera faced an arrest warrant issued by a faceless prosecutor assigned to Manizales. Jose Isidro Jaimes Rivera has been sought by the authorities since November, when previous investigations revealed his links to Herrera Buitrago.

Prosecutor's Office Releases Alleged Cartel Financial Boss

PA1001033096 Santa Fe de Bogota Inravisión Television Canal A Network in Spanish 0000 GMT 10 Jan 96

[Report by Yolima Celis from the "Seven O'Clock Newscast"]

[FBIS Translated Text] After the Search Bloc announced the arrest of Jose Isidro Jaimes Rivera, who is accused of being the financial boss of one of the main leaders of the Cali Cartel, and after the news was spread around the world, the Prosecutor General's Office inexplicably released him.

The last arrest warrant against Jaimes Rivera had been issued to the prosecutor of the Search Bloc on 18 November for the alleged crimes of illegal enrichment and acting as a front man; nevertheless, a regional prosecutor overturned this order on 27 December despite the fact the police had discovered his ties to several enterprises belonging to Pachó Herrera. At the same time, the regional prosecutor ordered the overturning of six other arrest warrants against individuals whom the police have accused of being Cali Cartel front men.

The authorities also have accused the alleged financial boss of being the Cali Cartel accountant at one time. The Prosecutor General's Office had issued other arrest warrants against him, which also were finally overturned.

This case seems like a repetition of the Pallomari phenomenon, who was arrested in Cali a few months ago and released a few hours later by the Prosecutor General's Office. Pallomari is the most important witness in the Case 8,000 after he turned himself in to the DEA in the United States.

Samper Reportedly To Appoint Ministers With Special Powers

PA1101024696 Santa Fe de Bogota Inravisión Television Canal A Network in Spanish 0000 GMT 11 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] A complete upheaval will take place at the Presidential Palace within the next few hours. All advisers will be eliminated. President Ernesto Samper will appoint three ministers with special powers [super ministros] who will have special functions and will be in charge of coordinating the works of all ministries. The special presidential advisers also will be eliminated, and only one or two of them will remain while the three ministries with special powers are consolidated.

It is almost certain that the three ministers with special powers will be journalist Felipe Zuleta, former Agriculture Minister Antonio Hernandez Gamarra, and sociologist Carlos Castillo.

Medina on Evidence of Drug Money in Campaign

PA0601033496 Mexico City NOTIMEX in Spanish 0258 GMT 6 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 5 Jan (NOTIMEX) — Santiago Medina, former treasurer of President Ernesto Samper's political campaign, asserted today, that he had evidence that drug money did go into the campaign that led the current Colombian president to power.

Medina said he has secret documents, kept in a safe-deposit box in Europe, with which he will give "a total twist to the investigations that have been made on the case up to now."

Samper had been exonerated by the Colombian Congress because it did not find evidence against him. However, Medina's lawyer said the documents, which are held in reserve, "could change things."

FARC Front Attacks Communications Center; 9 Killed

*PA0701195496 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish
1800 GMT 7 Jan 96*

[From the "Cripton Newscast"]

[FBIS Translated Text] [Anchorman Hernan Castrillon] At least nine Marines were killed last night allegedly by the 35th Front of the FARC [Revolutionary Armed Forces of Colombia], which operates in the municipality of San Onofre, northern Sucre Department. It was also reported other Navy officers were injured.

The guerrilla attack was aimed at the Ecopetrol [Colombian Petroleum Enterprise] communication center operating in this area. Authorities have confirmed the attack, but it has been impossible to confirm until now the exact number of Marines killed or the fate of those injured.

San Onofre is a small town in Sucre Department near the Caribbean coast. The exact location of the attack is called El Piche Corregimiento.

[Unidentified reporter] The guerrilla attack reportedly took place at about 2100, and the Marines resisted for at least three hours. It was reported a few minutes ago that an officer of the National Navy is among those killed.

The "Cripton Newscast" also has established that several Marines were abducted last night during the attack, and this morning they were released by their captors, allegedly the 35th Front of the FARC. It was learned that the Ecopetrol communications center sustained heavy damage.

The Navy officers desperately called for help from Cartagena, but it did not arrive in time, according to a succinct communique just issued by the Presidency of the Republic. This communique confirmed the death of the Marines and stated they worked with the 5th Infantry Battalion.

[Castrillon] At this hour we have made telephone contact with Sucre Department Governor Dr. Herctor Perez who will comment on the situation involving the guerrilla attack on the Ecopetrol communications center.

[Perez] There was an incident yesterday in the Municipality of Toluviéjo in La Piche Hill, where an Ecopetrol tower was blown up. Marines were reportedly ambushed during the evening in an incident in which some people were allegedly injured, but we still do not have a real balance, because there are personnel still in the area.

We have taken appropriate security measures. A large infantry battalion is already in the area, as part of the measures to counter this attack.

[Castrillon] We now have reaction regarding the guerrilla attack on the Marine Corps Detachment in San Onofre Municipality, Sucre Department. At this time, journalist Jennifer Samudio is with Admiral Hugo Sanchez, deputy commander of the National Navy.

[Samudio] Good afternoon, Adriana and Hernan. With us here is Admiral Hugo Sanchez Granados, Navy Deputy commander. Admiral, what is the situation at this time following the attack on troops of the 5th Infantry Battalion in Sucre Department?

[Sanchez] Some of the troops of 5th Infantry Battalion, headquartered in Corozal, were conducting a search operation at the time of the attack. At approximately 1500 yesterday, we learned of the explosion of a communications tower in La Piche Hill, and an overflight was made. This allowed us to confirm the tower was actually leaning; therefore, communications were suspended in the area.

Later, the entire 5th and 3d Battalions were operating in their area, covering all of Bolívar and Sucre Departments. In the evening, a support operation was made to secure the hill in order to allow Ecopetrol technicians to be flown in to repair the tower. It is believed—the exact details are still unknown—there was a clash with the guerrillas at approximately 2300 and until 0200 or 0300. As a result, a lieutenant named Rosso and two Marines were killed, while five soldiers were injured. These people are being evacuated and are receiving medical assistance at the Toluviéjo health centers. This is the information we have.

Regarding the enemy, I do not have any specific information about them. We continue to conduct our operations and hope to achieve some good results today or tomorrow at the latest.

ELN Armed Stoppage Paralyzes Transportation in Arauca

*PA1101025496 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish
0000 GMT 11 Jan 96*

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] A stoppage continues in Arauca Department.

Out of fear of pressure by the National Liberation Army [ELN], truckers and bus drivers are refusing to circulate on the region's highways. The guerrillas have threatened

with death anyone who attempts to violate the cessation of activities.

Rebels rule in Arauca, at least judging by what the department residents have reported. A simple flyer, distributed by the ELN and calling for a 72-hour, armed stoppage, has paralyzed air and surface transportation since 8 January. In Saravena, no one dares disobey the rebels' genteel suggestion that comes accompanied by a Merry Christmas message:

[Begin recording] [First unidentified speaker] It is advisable to obey. If we go out, we could be returned or have our vehicles burned. Anything can happen. We cannot move, because there are no buses available.

[Unidentified reporter] And what do the rebels do to whomever goes out?

[Unidentified speaker] He will be sent back, or his car could be torched. [end recording]

Businessmen have been affected not only because of the paralyzation of surface transportation but because all activities have had to be canceled at the airport. Activities remain normal in Arauca, the capital, but everything is desolate outside it. No one dares go out in their vehicles, despite the Army's assurances: [Begin second unidentified speaker recording] Checkpoints have been set up and are operating on all roads. [end recording]

Surface and air transportation will be resumed in this department tomorrow, when the armed stoppage declared by the ELN will cease.

Ecuador

Military Denies Troop Movements Along Border With Peru

PA0601202196 Mexico City NOTIMEX in Spanish 1729 GMT 6 Jan 96

[FBIS Translated Text] Quito, 6 Jan (NOTIMEX) — Ecuadoran military authorities today denied that troops were mobilizing along the border with Peru as reported by local media sources.

Lieutenant General Fernando Martinez de la Vega, commander general of the Ecuadoran Air Force, stated that the military operations along the border are routine and rejected newspaper reports related to both countries mobilizing troops.

Colonel Jaime Sanchez Padron, chief of the Condor Brigade, with jurisdiction in the southeastern Ecuadoran Amazon region bordering Peru, said that military operations are taking place normally and that they are restricted to "training, exercise, and drills."

Reports related to troop mobilizations began to appear following this week's visit of Gen. Paco Moncayo, chief of the Ecuadoran Army, to the Condor Brigade to pass the New Year with the troops stationed in the area.

According to several other media sources, the civilian population in Patuca where the brigade is stationed is calm. The Condor Brigade was a key unit in the Ecuadoran military operations that took place during the conflict in February 1995 between Ecuador and Peru.

In the meantime, the Quito Government continues to await a final decision from Israel with respect to the sale of four Kfir aircraft, an operation that has been condemned by Peru.

Duran-Ballen Reasserts No Flights Over Peru

PY0901202396 Quito Voz de Los Andes in Spanish 1700 GMT 9 Jan 96

[Report by Loyda Carriel]

[FBIS Translated Text] President Sixto Duran-Ballen this morning received New Year protocol greetings of the entire cabinet, the Armed Forces leadership, and the diplomatic corps.

In his speech before the diplomatic corps, Duran-Ballen said the international community is well aware that Ecuador has never been involved in an arms race, as Peruvian citizens and media want people to believe.

He said the purchase of the four Kfir planes — one of which is for training and the other three to replace units damaged in 1985 — was negotiated before 1995.

[Begin Duran-Ballen recording] The international community is well aware that Ecuador has never been involved in an arms race. In the last few weeks, however, groups that are probably interested in undermining the current bilateral detente process and in obstructing the achievement of a just solution to the territorial dispute, have distorted the clean negotiations undertaken by Ecuador 18 months ago — that is, well before the conflict — by disseminating reports of an allegedly Ecuadoran arms race. These negotiations involved acquiring four Kfir planes, one for training and three others to replace units damaged in accidents in 1985, 1987, and 1994.

Ecuador has always promoted disarmament at the regional and international level, and has urged countries to allocate funds to social development programs instead of the purchase of weapons.

During a visit by Peruvian Deputy Foreign Minister Voto Bernalez to Quito, the Ecuadoran Foreign Ministry and Government proposed the establishment of a

bilateral mechanism to exchange information on the purchase of guns.

As the proper Ecuadoran Government organizations have already stated, I reassert that there have been no flights over Peruvian observation posts PV1 and PV2 or over the Condor mountain range.

These and other issues are being handled by the MO-MEP [Ecuadoran-Peruvian Military Observers Mission], seeking their clarification and solution. [end recording]

Daily Accuses Peruvian Intelligence of Discredit Campaign

PY0601004196 Madrid EFE in Spanish
2003 GMT 5 Jan 96

[FBIS Translated Text] Quito, 5 Jan (EFE) — The Ecuadoran daily EL UNIVERSO said today that the discredit and misinformation campaign being carried out by Peru against Ecuador is called "Tarea Rimac" and includes a military attack this month.

EL UNIVERSO, which has the highest circulation in Ecuador, said that the campaign through the Peruvian media is part of a "well-designed plan organized by intelligence elements of the Peruvian Armed Forces headed by retired Captain Vladimiro Montesinos, who is a close adviser of President Alberto Fujimori."

According to the Ecuadoran daily, the "invented" border incidents, alleged "provocative" military activities, reports of arms race, and the verbal attacks of calling Ecuadoran military chiefs "bears" and Army chief General Paco Moncayo "papa bear" are to be followed this month by a military attack, which is reportedly aimed at "saving the honor of the Peruvian Armed Forces."

EL UNIVERSO says that the Peruvian Embassy in Ecuador reports daily to Lima on the results of the "Tarea Rimac" operation and the effects of the propaganda on the Ecuadoran media.

On the same page EL UNIVERSO reports on information related to the current Chilean-Peruvian conflict over the pavement of a road within a property owned by the Peruvian Government in Arica, Chile, which was described as "serious" by President Alberto Fujimori.

According to the daily, U.S. Ambassador to Ecuador Peter Romero said that "there are more rumors than truth" in the Peruvian report last December about the overflight of an Ecuadoran airplane and the attack of Ecuadoran soldiers against a Peruvian patrol, which have been denied by Ecuador.

The U.S. ambassador said: "We request responsibility from the media of the two countries not to publish

information they are not well aware of and without a source."

The United States, Argentina, Brazil, and Chile — the guarantor countries of the border treaty between Ecuador and Peru in the current peace process — have military observers at the Ecuadoran-Peruvian Amazon border region, which was the site of an undeclared war between the two countries from 26 January to 28 February 1995.

Daily Reports Peruvian Investments in Military Equipment

PY0901011996 Madrid EFE in Spanish
1811 GMT 8 Jan 96

[FBIS Translated Text] Quito, 8 Jan (EFE) — The Ecuadoran newspaper EXPRESO reported today that the Peruvian Government has invested millions [currency not specified] in weapons during the past 30 years, and since last July it has purchased several items of military equipment, even though it is engaged in a peace process with Ecuador.

According to the Quito morning newspaper, since 1 December 1995 Peru "purchased" between 13 and 15 MiG-19 fighter planes "from a country of the former socialist bloc, possibly the Ukraine, and there is an unconfirmed purchase of an unspecified number of 'Scud' missiles."

EXPRESO adds that "120 T-72 tanks recently acquired by the Peruvian military chiefs will be unloaded in Paita and will be assigned to the 1st Military Region, facing Ecuador, and to the 3d Military Region, facing Chile."

It also unveils the fact that Peruvian officials have negotiated the purchase of medium-sized T-55 tanks similar to those used in Afghanistan.

The newspaper also outlines a list of weapons presumably acquired by Peru that includes: 12 BM-21 artillery batteries, 150 Russian-made IGLA anti-aircraft missiles, and 2,000 90- and 60-mm mortars. It also mentions 288 missiles acquired from Bulgaria, 10 missile launching pads with a range of 20 kilometers, 12 MI-25 helicopters and 12 "net combat-helicopters," at least two German submarines, and six U.S. landing boats, among other weapons.

The morning newspaper published, in addition, a comparative report which shows Peruvian military power to be much stronger than that of Ecuador, with Peru having 85,000 soldiers in the Army as compared to the Ecuadoran Army with 50,000 men, and Peru possessing 2,000 mortars as opposed to Ecuador's 300.

The newspaper adds that Peru has 15,000 and 24,000 personnel in the Navy and Air Force, respectively, while Ecuador has 3,000 and 4,500 troops, respectively.

Like other Ecuadoran newspapers, EXPRESO reported that it also had access to "Rimac Task" (Tarea Rimac), a document attributed to the Peruvian Government that details a disinformation campaign "of a large scale directed against Ecuador," seeking to project an image of Ecuador as a warmongering country.

Leoro Says Everything Arranged for 17 Jan Visit to Lima

*PY0901205096 Quito Voz de Los Andes in Spanish
1700 GMT 9 Jan 96*

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco has stated that everything has been arranged for his trip to Lima, Peru on 17 January. He also said that, while in Peru, he will meet with the Peruvian MOMEPE [Ecuador-Peru Military Observers Mission] members to assess the peace process between the two countries.

Let us hear what Foreign Minister Galo Leoro Franco has to say:

[Begin recording] Everything is arranged because there have been no inconveniences regarding realization of my visit; quite the contrary. In the first place, I have been in contact with the Peruvian foreign minister, and we hope this process triggered by exaggerated information in an attempt to tarnish the peace process will be reversed. At any rate, when I visit Peru we will see how to safeguard this process and continue to make progress. I will strictly discuss issues related to the procedures that should be followed. I can't say whether a single session will be enough to complete these talks. [end recording]

This was Ecuadoran Foreign Minister Galo Leoro Franco announcing his 17 January visit to Lima, Peru to continue peace talks with the southern neighboring country.

National Security Council Discusses Leoro's Trip to Lima

*PY1001231196 Madrid EFE in Spanish
2043 GMT 10 Jan 96*

[FBIS Translated Text] Quito, 10 Jan (EFE) — The Ecuadoran National Security Council today analyzed the subjects that Foreign Minister Galo Leoro will discuss with his Peruvian counterpart Francisco Tudela at the meeting scheduled for next week in Lima.

In brief remarks to the press, Leoro said: "Today's meeting was called to discuss my trip to Lima." He added:

"There is no problem whatsoever because everything is normal" on the border between Ecuador and Peru.

The security council meeting, which included the presence of Defense Minister Alfonso Alarcon, Government Minister Javier Ledesma, and the presidents of the legislative and judicial branches, comes six days before Leoro's trip to Lima.

In his meeting with Tudela, Leoro will discuss the peace process between the two nations which between 26 January and 28 February 1995 waged an undeclared war following a dispute over an unmarked section of the border.

The Ecuadoran foreign minister added that he and Tudela will study the matter related to the purchase of weapons by these two Andean nations which over the past few weeks admitted negotiating the acquisition of materiel "to replace" the equipment lost during the armed confrontation.

Leoro and Tudela will next week begin "formal" talks to definitely resolve the historical territorial conflict between their countries, notwithstanding the Rio de Janeiro Protocol signed by both nations in 1942.

Guarantors Invited To Attend Foreign Ministers' Meeting

*PY1001161396 Madrid EFE in Spanish
0016 GMT 10 Jan 96*

[FBIS Translated Text] Quito, 9 Jan (EFE) — The Ecuadoran and Peruvian Governments today invited Argentina, Brazil, Chile, and the United States, guarantor countries of the binational peace process, to attend the meeting that the Ecuadoran and Peruvian foreign ministers will hold in Lima on 17-18 January.

Through a communique that was simultaneously released in Quito and Lima, the Ecuadoran Foreign Ministry has reported that Ecuadoran Foreign Minister Galo Leoro and Peruvian Foreign Minister Francisco Tudela have extended invitations to the ambassadors of these four guarantor countries "so that their governments may be properly represented."

The communique states that Leoro and Tudela will establish "procedures for discussing issues pertaining to Point 6 of the Itamaraty (Brazilian Foreign Ministry) Peace Declaration in compliance with what is established therein."

The communique is alluding to the agreement signed at the Brazilian Foreign Ministry on 17 February and ratified in Uruguay on 1 March 1995, which ended the undeclared war waged by the Ecuadoran and Peruvian Armed Forces from 26 January to 28 February 1995

along a strip of the border in the Amazon region that lacks border markers.

Point 6 of the Itamaraty Declaration compels the Ecuadorans and Peruvians to undertake negotiations under the supervision of the guarantor countries to achieve an agreement that will definitively resolve the dispute which also resulted in undeclared wars in 1941 and 1981.

During their meeting in Lima, the Ecuadoran and Peruvian foreign ministers intend to draft an agenda that will allow the fulfillment of Point 6 of the declaration in view of the fact that all the previous points have been fulfilled, such as the cease-fire, the separation of forces, the demilitarization of the border, and the establishment of conditions that will prevent hostile attitudes.

The area in dispute, claimed by the two countries, is controlled by the military observers of the guarantor countries whose chiefs have also been summoned to meet in Lima on the eve of the foreign ministers meeting.

Radio: Nation 'Duly Informed' Parties of Kfir Purchase

PY0901011596 Quito Voz de Los Andes in Spanish
2300 GMT 8 Jan 96

[FBIS Translated Text] It was learned today that Ecuador, in a timely manner, duly informed all parties involved about its purchase from Israel of four Kfir aircraft — three fighters and one training plane — fitted with U.S.-made engines.

The sources consulted in the United States stated that the negotiations were carried out openly and that it was agreed, in order to avoid any suspicion, that the aircraft would be delivered after Ecuadoran Foreign Minister Galo Leoro's visit to Peru, scheduled for 16 January. The possibility of Israel delivering the aircraft during the second half of March, after the summit of Andean countries to be held in Lima, to which Ecuadoran President Sixto Duran-Ballen has been invited, was also looked into.

Alarcon 'Certain' Israel Will Deliver Kfir Planes

PY1001001196 Quito Voz de Los Andes in Spanish
2300 GMT 9 Jan 96

[FBIS Translated Text] The Ecuadoran Armed Forces believe the Israeli Government will deliver the four fighter bombers that Ecuador has negotiated, despite Peru's official protest.

Defense Minister Alfonso Alarcon said they are certain the deal continues and that Israel will soon confirm the shipment date.

[Begin recording] [Alarcon] I insist and reiterate that this negotiation was carried out long ago in an open manner, in compliance with all national and international requirements. Authorization was granted by the respective responsible authorities of the governments of Israel and the United States, which also authorized the sale because the motors are U.S.-made. Thus, the necessary procedures were fulfilled and I am certain the deal continues.

[Unidentified reporter] When do you think they will be delivered.

[Alarcon] I hope they will soon confirm when they will ship the planes. I will then give you that information because the Ecuadoran Armed forces want these deals to be carried out openly, and want the entire region and world be aware of them. [end recording]

Alarcon reiterated that negotiations to purchase four Israeli-made Kfir planes were carried out openly because Ecuador fulfilled all the necessary national and international requirements.

Further on Alarcon Statements

PY1001021796 Quito Voz de Los Andes in Spanish
2300 GMT 9 Jan 96

[FBIS Translated Text] Ecuador is concerned about [words indistinct] Russian-manufactured MiG planes by Peru. Defense Minister General Alfonso Alarcon claimed that the purchase of these aircraft would prove that Peru is engaged in an arms race.

[Begin recording] [Alarcon] Well, I think that one of the reasons why the Peruvian press made such a fuss about Ecuador's purchase of four Kfir planes, misinforming the public, was precisely the fact that the Peruvian Armed Forces, the Peruvian Government, are buying any amount of sophisticated aircraft. What Peru is doing can indeed be labeled an armed race. We Ecuadoreans are not involved in an arms race.

[Unidentified reporter] This notwithstanding, are our Armed Forces in a state of preparedness?

[Alarcon] I said earlier today that we are fully abiding by our Constitution. It is the Constitution that stipulates what our mission is, what our duties are. [end recording]

The defense minister contends that the Peruvian media launched a campaign against the purchase of the four Kfir planes Ecuador bought from Israel to use it as a red herring so that the Peruvian Government could continue purchasing Russian weapons.

Alarcon, on behalf of the Joint Chiefs of Staff of the Armed Forces, gave the protocol salutation of the beginning of a new year to President Sixto Duran-Ballen. In

his speech, the defense minister highlighted three central points. First and foremost, he reiterated that the Ecuadorian Armed Forces will respect the democratic system of government prevalent in the country. Second, he alerted Ecuadorians against any eventuality in Peru, and third, the defense minister asked MOMEF [Ecuador-Peru Military Observers Mission] to remain in the Upper Cenepa River until peace negotiations between Ecuador and Peru have been brought to a successful conclusion. He said:

[Begin recording] Some Peruvian sectors, perhaps moved by evil intentions, have scandalized the international community on account of the purchase of four Kfir planes on the part of Ecuador. Negotiations with regard to that transaction were conducted in a totally open manner in order to prevent any type of mistrust. Nevertheless, one should not forget that we are already in the month of January, and February is around the corner. Now, in these months, it is customary to see uneasiness and rivalries cropping up that may very well hamper the peace process, which both Ecuador and Peru are fully determined to conclude. Therefore, we Ecuadorians must be on the alert and in a state of preparedness. [end recording]

The defense minister underscored the fact that there are Peruvian sectors interested in hindering peace negotiations with Ecuador, which are due to begin in Lima on 17 January. Alarcon stated that as these sectors may cause problems in the peace process, Ecuadorians must be on their guard and in a state of preparedness.

Peru

Foreign Minister Denies Rupture of Ties With U.S.

PY0801214496 Lima EL COMERCIO in Spanish
3 Jan 96 p A4

[FBIS Translated Text] Last night Peruvian Foreign Minister Francisco Tudela said that the alleged postponement of the delivery of Kfir aircraft to Ecuador has still not been confirmed. Ecuador purchased these aircraft from Israel with the authorization of the United States.

After holding a special closed-door meeting with members of the congressional foreign affairs committee that lasted more than three hours, Tudela said that he had met with the Peruvian ambassador to Israel, Jaime Stiglich, who has said he still has no official confirmation on Peru's request that the delivery be postponed until the dispute between Peru and Ecuador is solved.

"The Foreign Ministry is making every effort possible," he said, as he confirmed that Israel is scheduled to deliver the fighter-bombers to Ecuador in February.

The foreign minister termed absurd the press reports referring to the alleged rupture of diplomatic relations between Peru and the United States as a result of the authorization of the sale of military aircraft equipped with U.S.-made engines.

He said: "This is absurd. The United States is a country with which we maintain a long-standing relationship that includes its role as guarantor country (of the Rio de Janeiro Protocol), but that also has other important aspects that have by no means been affected by the Kfir aircraft affair."

He said the fact that Peru objected to the sale of aircraft by no means indicates that Peruvian-U.S. relations have cooled down.

He said: "It is only a misunderstanding regarding a specific issue."

The meeting with Tudela was termed by those legislators who attended it as very fruitful.

Luis Delgado Aparicio, president of the foreign affairs committee, said that all the legislators who attended the meeting (a total of 18) granted a vote of support to the foreign minister for the efforts he is making.

Tudela also referred to the mission entrusted to the Peruvian ambassador to the United States, Ricardo Luna Mendoza, who allegedly returned to that country at dawn today.

He said that his job will be to promote the U.S. role as guarantor country.

He added: "All the necessary measures will be taken to consolidate that role and to consolidate the peace process between Peru and Ecuador."

Ambassador Luna accompanied Minister Tudela during the meeting with the members of the foreign affairs committee. The Peruvian ambassador to Ecuador, Hugo Palma, and the head of Tudela's cabinet, Hugo de Zela, as well as other Foreign Ministry advisers, attended the meeting.

Regarding Ecuadoran Foreign Minister Galo Leoro Franco's upcoming visit, Tudela said that what will be done on that occasion is to define the agenda of future negotiations.

He said: "When an agenda is drafted, one does not discuss the key issues but rather the subjects to be broached. We are going to reach agreements regarding our disagreements."

He said that a decision will also be made regarding the place and manner in which talks on key issues to be

discussed by the presidents of the two nations will be tackled.

U.S. Citizen Berenson Admits MRTA Membership
*PY0901150896 Lima America Television Network
in Spanish 0100 GMT 9 Jan 96*

[FBIS Translated Excerpt] The National Counterterrorism Directorate [Dincote] presented today Lori Berenson, the U.S. citizen reportedly involved in the terrorist activities of the MRTA [Tupac Amaru Revolutionary Movement]. She was not wearing the usual striped prison uniform. Berenson admitted she belongs to the MRTA but denied the MRTA is a terrorist organization.

[Begin recording] [Unidentified reporter] The news conference called by Dincote was attended by many reporters, especially from the international media. Lori Berenson was presented to the media after Dincote had concluded its investigation. [passage omitted]

The Dincote also reported that after the investigation Lori Berenson was charged with committing the crime of high treason. After the conclusion of the investigation was presented, Lori Berenson appeared completely changed. With her eyes bulging, this is what she said:

[Berenson] No one can deny here that a great deal of injustice prevails in Peru. There is institutionalized violence that has killed the best sons of the people and has condemned children to die from hunger. If it is a crime to worry about the inhumane conditions in which most of the people live, I will accept my sentence. But this doesn't mean loving violence, it doesn't mean being a terrorist because there are no terrorists in the MRTA; this is a revolutionary movement.

[Reporter] Lori Berenson is now under the jurisdiction of the Special Prosecutor's Office for Terrorist Crimes. [end recording]

Gen. Hermoza Rules Out Purchase of More Weapons

*PY0501200596 Madrid EFE in Spanish
1626 GMT 5 Jan 96*

[FBIS Translated Text] Lima, 5 Jan (EFE) — General Nicolas Hermoza Rios, chairman of the Armed Forces

Joint Command, discarded the possibility that Peru will buy new weapons to compensate for the recent purchase made by Ecuador.

He emphasized that the Peruvian military institutions are well equipped to defend the country's sovereignty and territorial integrity and that this is "a fact that deserves the confidence of everybody."

"We are not going to compete in an arms race to attack somebody," said General Hermoza to reporters during a visit to Arequipa on 4 January.

General Hermoza added that after the border incidents that were denounced by Peru and denied by Ecuador in the second half of last December, "there has been no incident that would have jeopardized the prevailing peace between Peru and Ecuador."

He indicated that any incident that may occur at the common border will be resolved by the "Security Regulation" drawn by the representatives of the two governments with the cooperation of the Ecuador-Peru Military Observers Mission of the guarantor countries.

General Hermoza declined to comment on the U.S. decision authorizing Israel the sale of the "Kfir" fighters to Ecuador by saying that this is under study at the Foreign Ministry.

According to unofficial sources, Israel reportedly postponed the delivery of the four "Kfir" fighters which have U.S.-made engines.

A final decision was expected on 4 January after the meeting to be held by Israeli Prime Minister Simon Peres with his cabinet but the meeting was not held.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

- Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.
- Headlines and all bracketed explanatory notes are supplied by FBIS.
- Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.